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The Paradox of Policy and Performance:

The Case of Small and Medium-size Enterprises and Promotional Agencies in Douala, Cameroon

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Disclaimer:

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Dedication

To my late father M. Njemo Natoah, my beloved family, and above all, to Almighty God, Whose hands hold all matters of life and give me the grace of success in the work that I do. He is my model and support, especially at the hour of my greatest trials and tribulations. He was, is, and will forever be my hope and refuge.

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Knowledge building and transfer is a cumbersome process which was a major challenge. Nontheless, I wish to sincerely "say thank you" to my examining committee - Dr Lee Pegler and Dr Sunil Tankha for their immense support and guidance throughout the writing process.

To all my friends and the ISS community, I say thank you for your support.

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List of Acronyms

ADB..........................Asian Development Bank

AfDB ....African Development Bank

BUILD......................Board of Investment Unit for Industrial Linkages and Development

CCIMA................Cameroon Chamber of Commerce

CEMAC................Economic Community of Central African States

CIDA........................ Canadian International Development Agency

CIPA ....Cameroon Investment Promotion Agency

ERIA ....Economic Research Institute for ASEAN and East Asia

GEC..........................General Enterprise Census

GG......................Good Governance

GIPA........................ Ghana Investment Promotion Agency

GoC ....Government of Cameroon

HDI.......................... Human Development Index

MEPA .... The SME Promotion Agency

MINFI........................Ministry of Finance

MINPEMEESA.......... Ministry of Small and Medium-sized Enterprises, Social Economy and Handicraft

MINRESI............... Ministry of Scientific Research and Innovation

NIS............................ The National Institute of Statistics

NPM.................... New Public Management

OECD........................Organization of Economic Co-orperation and Development

OHADA....................Organization for the Harmonization of Business law in Africa

PA ....Promotional Agency

PM........................ Performance Management

PRSD...........................Poverty Reduction and Strategic Paper

PSD.........................Private Sector Development

SME........................Small and Medium-size Enterprises

TI........................... Transparency International

UNDP.........................United Nations Development Program

WAIPA ....World Association for Investment Promotion Agency

WB..........................World Bank

Abstract

The promotion of SMEs (small and medium-size enterprises) has recently become "the order of the day" not only within the private sector, but also among government bodies and development institutions alike, since there is a widespread belief that SMEs contribute significantly to economic growth and development. This suggests that promoting SMEs can serve as a tool to achieve a self-sustaining economy which could go a long way to solve socioeconomic problems like unemployment and poverty. Nonetheless, pro-SME advocates argue that SMEs' failure is partly due to their inability to access finance due to lack of collateral security and poor financial records.

This paper presents, examines, and analyzes findings of the relationship between the performance of SMEs' Promotional Agencies (PAs) in relation to their programmes guided by policy norms against what SMEs say they need in the case of SMEs and PAs in Douala, Cameroon. In doing so, this paper uses quantitative and qualitative methods of analysis and the concept of Good Governance (GG) to further explore this relationship. Analysis of the findings suggests that institutional allegiance to hierarchy and elite capture undermine GG and can adversely affect the overall performance of PAs and can result in a total mismatch between what PAs provide and what SMEs say they need, which can be called "The SME - Agency Paradox."

Relevance to Development Studies:

Recent studies of SMEs argue that SMEs contribute a large share of the labour force and GDP in most countries. Cameroon is an example of one of these countries.

Underlying the recurrent assumption of this economic importance of SMEs implies that promoting SMEs will encourage them to become formal, especially in Cameroon where the majority of SMEs operate under informal blankets. The second implication is that if SMEs become formal, the change will increase revenue to the GoC, which in turn will allow the GoC to create more investment corridors for SMEs to strive and grow.

The third assumption is that if SMEs become formal, the shift will result in four outcomes: it will raise the income level of poor households engaged in micro and very small businesses, it will create jobs, it will improve the overall standard of living, and it will increase economic prosperity.

Chapter 1: Introduction

1.0 Objectives of study:

The objective of this paper is to contribute to the broader debate around Small and Medium-sized Enterprises (SMEs). Contrary to the prevailing view of access to finance being the main constraint for SMEs, this paper attempts to demonstrate that a fundamental constraints lies within the inefficiency of the agencies supporting SMEs and the discrepancy between what SMEs say they need and what these agencies are providing to them. This issue is explored in the context of Douala, Cameroon

1.1 Problem Statement:

The global financial crisis in 2008 was a turning point for most countries in sub Saharan Africa (SSA) which Cameroon cannot be left out of. Countries in this region depend mostly on agro commodities and/or oil for economic growth and sustainability. However, the prices of these goods were adversely affected by the 2008 financial crises. For the Government of Cameroon (GoC), this was a major chance to divert its economic dependency on the agro sector by promoting the private sector and SMEs in particular. Many see SMEs as a sector through which economic growth and prosperity can be achieved.

The vision of Cameroon's Poverty Reduction and Strategic Paper (PRSP) 2010 was to accelerate growth through SMEs promotion and to become a newly industrialized and middle income country (IMF 2010:53). Cameroon's poor business environment according to the Work Bank's Doing Business Report 2014 suggests that SMEs' growth is more than just survival of the fittest. As a result, government intervention by promoting SMEs can be a possible channel of change. This paper explores the effectiveness of the programmes and the performance of PAs, on the basis of what SMEs say they need.

1.2   Methodology:

In order to answer the research question and sub questions, it was necessary for the researcher to use a mixed method of analytical approaches which including qualitative secondary and quantitative primary methods of data collection. According to O'Leary (2014:121), these methods form the background of knowledge production, which limits the researcher's influence over results and compels the researcher to acquire and ascertain real world settings to broad literature on the research theme.

Furthermore, the researcher has chosen a case study since it involves the analysis of a group: in this case, SMEs and the performance of agencies (Yin 2009:4). Hence, the case study is not only a target base, but also a result-oriented, which is fundamental in social development research which forms the underlying background of this paper.

1.2.1 Respondents and Selection Criteria:

The researcher consulted the online enterprise database of the Cameroon Chamber of Commerce (CCIMA), The National Institute of Statistics (NIS), Ministry of Small and Medium-sized Enterprises, Social Economy and Handicraft (MINPEMEESA) and Groupement Interpatronal du Cameroun (GICAM) , Cameroon Investment Promotion Agency (CIPA) and Ministry of Finance (MINFI). Among these agencies whose activities directly or indirectly promote SMEs, only the CCIMA, the NIS, and the MINPEMEESA provide a comprehensive list of enterprises in Cameroon--Douala in particular. In addition, the researcher contacted his network of known entrepreneurs through email and phone to expand the research of SMEs. Two hundred enterprises were identified for maximized coverage. Special attention was made to the research objectives, which are focused on SMEs and PAs. The SME Promotion Law No 2010/001 of 13th April 2010 Chapter I, Section 2, sub-section (1), entails Very Small

Enterprises (VSEs), Small-size Enterprises (SEs) and small and Medium-sized Enterprises (MEs). On this note, the list was further culled to eliminate large enterprises.

The total number of enterprises shortlisted was 160. Among the enterprises listed on the online database of enterprises, 30 enterprises were selected and sent e-mails. Many of the listed e-mail addresses were no longer valid, and there was only one response in total. This pushed the researcher to design semi-structured questionnaires and employ three research assistants to distribute them to the enterprises based on the listed mailing addresses. Strict instructions were given to the research assistants, with a focus on the research objectives and quality of the findings in relation to employee headcount and diversity of the SMEs with respect to different sectors such as agro, services, and manufacturing sectors.

1.2.2 Quantitative Primary method of data collection:

A total of 60 questionnaires were sent out, of which 39 were returned. In order to achieve convergence vis-à-vis the objective of the survey and paper in general, the questions were short, simple, structured, and closed-ended (see Annex I). Before the answering process, the respondents were briefed to understand that the surveys were voluntary and that their cooperation was essential to the accuracy of the survey results and the paper itself. The respondents were further briefed on the fact that the survey was meant for statistical purposes and would be published in aggregate form. That notwithstanding, the respondents were assured that their information would be kept confidential and would not be disclosed in any form except if they choose so which is not applicable to the paper. In general, the questions covered:

- the profiles of the SMEs (year of establishment, number of employees) and the specific position of the person completing the questionnaire

- SMEs were asked if they were aware of the existence of promotional agencies and the reason(s) they were or were not registered with them

- SMEs were further asked which structures and institutions they think support the activities of SMEs in Douala and what SMEs need in order to grow. In addition, this set of questions also asked SMEs what they consider top priority to address obstacles to their growth

Detailed information on the questions is available in Annex I.

In order to benchmark the performance of the PAs against what SMEs claim they need, another questionnaire was design for the PAs. Though there is only one public agency "The SME PA (MEPA)" responsible for promoting the activities of SMEs, the author did not limit his findings to the MEPA. In order to have maximum coverage, it was necessary to cover other PAs whose activities are indirectly related to SME promotion. On the basis of this background, two other PAs were added: The CCIMA and The CIPA. The questionnaire questions covered the following;

- how the PAs help SMEs grow and what they have identified as SMEs' main constraints
- the second set of questions explores how PAs identify and communicate with SME and how effective their communications are
- thirdly, the PAs were asked how staff members are recognized for good performance and also how poor performance is handled
- the fourth sets of questions asked the PAs what they felt impedes their activities and what factors discourage foreign investors from partnering with SMEs in Douala

- the fifth question asked the PAs what incentives are in place for SMEs to overcome their internal and external growth constraints like advice on loans, funding, and unfair business practices.

See Annex II for questions.

1.2.3 Qualitative Secondary method of data collection:

In order to verify facts and claims, the researcher consulted electronic documents and publications from online libraries and books, class materials and lecture notes, government databases, international organizations and institutions, other researcher's materials on similar topics, and books from the library. These resources served as a guide to orientate the survey findings according to what SMEs claim they need and what PAs provide.

1.2.5 Research Question:

Does the policy intervention used to promote SMEs through SMEs' Promotional Agencies in Douala, Cameroon correspond to the prevailing views of what SMEs say they need and the performance of PAs? Answer

1.2.3.1   Sub-questions
i)   *How are the internal structures and programmes of PAs structured to reflect what SMEs say they need?*
ii)   *What have the outcome of the policy intervention through PAs been in meeting the needs seen by SMEs?*
iii)   *Do the performance and activities of the PAs correspond to what SMEs say they need?*
iv)   *What possible intervention and social policy measures lie ahead to ensure that the assistance provided by PAs is aligned with the needs seen by SMEs?*

1.2.3.2   Structure of the paper:

The research paper is divided into five (5) main chapters:

- Chapter 1 introduces the overall objectives of the paper and problem statement. The second part of the chapter looks into the methodology used by the researcher and selection criteria of respondents. The chapter ends with the main research question and sub-questions, the structure of the paper, and the difficulties faced during the entire data collection process.
- Chapter 2 discusses the importance of SMEs in different regions, especially Douala, Cameroon. It also looks at the various claims on the need to promote SMEs. This chapter further looks into the various claims of what SMEs say they need and their constraints. The second part of the chapter looks into the analytical framework and concepts applied in relation to benchmarking the performance of PAs.
- Chapter 3 examines the policy instruments, the actors involved in economic development, and the SME's promotional agency. This chapter ends by looking further into the socioeconomic and geographical features of the case study in Douala.
- Chapter 4 reviews the economy of Cameroon and analyses the government's policies and programmes in relation to SMEs' PAs on the basis of what SMEs say they need and what the Agencies provides. Answers to these questions will pave the way in answering the research question and sub questions in the subsequent chapter.
- Chapter 5 summarizes the debate, provides possible answers to the research question and sub questions, and makes potential policy recommendations in relation to the research problem

1.2.4 Limitations and Challenges:

The digital infrastructure in Cameroon is not well developed which prevents the researcher from accessing data on enterprises, agencies, and ministries alike. Moreover, most of the emails and phone contacts of enterprises listed on the PAs' websites were no longer in service or valid. In addition, the researcher turned to the closest embassy for information regarding the enterprises and agencies, but no information was given, which raised concerns of how SMEs are being promoted internationally.

Furthermore, another set of difficulties encountered by the research assistants was that some entrepreneurs complained of lack of time, causing a delay in the handover time of the questionnaires.

The months of June, July, and September cover the rainy season in Cameroon which prevented some of the research assistants from distributing more questionnaires than they did. In addition, some of the research assistants were unable to keep appointments agreed upon with some entrepreneurs. However, the research assistants were bilingual and able to explain the content of the questionnaire, with help from co-workers if needed. All in all, the entrepreneurs were very pleased with the structure of the questions as it touches their concerns as they claim.

With the PAs, the major difficulty encountered was red tape involved in reaching those people who were responsible for filling out questionnaires. Persistence on the research assistants' part was the solution to this problem.

Chapter 2: Literature on SMEs
2.0   Overview:

Cameroon has one of the most prominent economies in the CEMAC (Economic Community of Central African States) region and Sub Saharan Africa (SSA), but still faces economic setbacks in achieving shared economic growth. It also still depends heavily on the agro sector, which constitutes the largest share of the

country's economy, based on employment and output. SMEs constitute about 95% (see table 1 below) of firms in SSA from different sectors, ranging from agriculture, to manufacturing to services and industry (Fjose et al. 2010:3).

Table 1: Share of enterprises in the economies of SSA

Category	Share in the economy (%)	Share of employment (%)
Micro	*90*	30
Small	*18*	20
Medium	*1.5*	10
Large	*0.5*	40%

Source: Fjose et al. (2010:5)

The 2008 financial crisis led to low prices of commodities in the world market, on which most countries in CEMAC and SSA depend for economic prosperity.

The unpredictable fluctuations of world market prices for agro commodities has made SMEs the new development paradigm of the century. That notwithstanding, as the agro commodities are constrained by fluctuations of prices in the world market, so are SMEs constrained by different factors. If it is accepted that SMEs play a major role in economic development and prosperity, then given the constraints seen by SMEs, mitigating strategies are necessary. This has led the GoC to create PAs, which are responsible for promoting the activities of SMEs through different strategies, while adhering to policy guidelines in order to achieve desired outcomes.

The dynamism of these agencies to what SMEs say they need against what the PAs think SMEs need can be a reference point in relation to how accountable, transparent, participatory, effective, and efficient the PAs' programs are. Among several advocative claims, there is a fundamental reorientation in defining SMEs, which is important for government and donor programmes alike in supporting SMEs and designing useful strategies to contain what SMEs see as their main

constraints.

2.1 Defining SMEs

While it is important to recognize that different countries, institutions, and regions have different definitions of SMEs, the bottom line lies in their shared vision and their requirements for growth. In this context, debates should focus on SMEs as a whole and not on cross country differences in defining SMEs.

Conversely, cross country definition of who SMEs are is important in that, first, the tax levied on enterprises depends on the characteristics under which they are classified. Secondly, it is important to define SMEs since their projects and activities differ from that of larger enterprises. Therefore, a consistent definition inform decisions in relation to assistance, loan access credibility and guide for financial institutions, regulatory agencies and international institutions on loan scheme. Thirdly, a universal definition will guide entrepreneurs and owners of SMEs on DOs and DONTS in the course of their activities since different enterprises have different privileges offered by different governments. Fourthly, it will allow policy makers to compare the different sectors that operate under the same guidelines as SMEs in relation to their performance which can be used to make meaningful analytical judgments for research purposes.

Generally (see table 2, 3 and 4), the SME cross country definition is based on staff headcount, balance sheet turnover, revenues, and assets.

Table 2: SME definitions used by multilateral institutions

Institution	Maximum # of Employees	Max. Revenues or Turnover ($)	Maximum Assets ($)
World Bank	300	15,000,000	15,000,000
MIF – IADB	100	3,000,000	(none)
African Development Bank	50	(none)	(none)
Asian Development Bank	No official definition. Uses only definitions of		

		Individual national governments.	
UNDP	200	(none)	(none)

Source: Gibson and van der Vaart (2008)

Table 3: SME definitions by the European Commission

Company category	Employees	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

Source: European Commission for Enterprise and Industry, 2013

In Nigeria forinstance, *SMEs are businesses with turnover of fewer than N100 MM per annum and/or fewer than 300 employees'* (Oyelaran-Oyeyinka 2007).

SMEs in South Africa are business entities with full time staff headcount between 50 and 200, turnover between South African Rand (SAR) 3million - R64m and gross value of 3m - R23m. In the case of South Africa, the qualitative and quantitative features of SMEs are different in different sectors (The Banking Association South Africa, n.d).

According to the U.S. International Trade Commission (2010:3), *'an SME is a business entity with almost 500 employees with a revenue ≤ $7 million and > $250,000'.*

In the case of Cameroon as shown in table 4 below, an SME is *"a business entity that fulfills the conditions and legal existence in compliance with the laws and regulations in force and classified as either Very Small Enterprise (VSE) with no more than 5 employees and pre-tax turnover not more than 15milion*

FCFA ; a Small-sized Enterprise (SE) is one with 6 – 20 employees and pre-tax turnover of more than 15million FCFA and less than 100million FCFA and a Medium-sized Enterprise (ME) is an enterprise with employee between 21 to 100 and an annual pre-tax turnover of 100million FCFA , but less than 1billion" (CIPA, Government of Cameroon, n.d.).

Table 4: Enterprise definition by employee size and turnover

No.	Enterprise Type	Employee Size	Annual Pre-tax Turnover/FCFA
1	Very Small Enterprise - VSE	≤ 5	≤ 15million
2	Small-seized Enterprise - SE	≥6≤20	>15million<100million
3	Medium-sized Enterprise-ME	≥21≤100	≥100million<1billion

Where: ≤ is less than or equal to; ≥ is greater than or equal to; ≤ is less than or equal to; < is less than and > is greater than

The disparity in defining what SMEs are provides an insight into the different views, assumptions, and critiques that surrounds the ongoing debates on SMEs in relation to what they say they need, various claims of their importance, and their constraints. According to European Commission for Enterprise and Industry (2003), clear definition of what SMEs are and related activities is a prerequisite as to what type of services and strategies are beneficial in fostering their growth, limiting distortions, and creating a clear vision of the measures to be taken to ensure that SMEs achieve a shared vision owing to the growing claims of their importance.

2.2 Importance of SMEs

Irrespective to what criteria are used to define SMEs, one thing common to SMEs is the array of claims that hypothesize that promoting SMEs will go a long way to achieve shared economic growth and prosperity. The work of Beck et al. (2005:224) pointed out that SMEs are potential drivers of economic growth and prosperity since they make up a significant share of employment and GDP in

most countries. Forinstance, in Singapore, SMEs' share of total employment is 68% and contributes 45% to GDP. SMEs in Indonesia make up 97.2% of employment and 58% share of GDP (ERIA 2014). In SSA, like in Cameroon, SMEs in Pakistan make up 90% of all private enterprises and constitute 30% of GDP by share (Nenova et al. 2009:59). In the same line of argument, OECD (2004:11) reveals that SMEs in high income countries make up 55% of GDP and 65% of employment. In low income countries, they constitute 60% of GDP and contribute 70% of total employment. The values are very high in middle income countries where they contribute 70% of GDP and 95% of total employment. According to a World Bank's Report 2012, 90% of the work force in Cameroon survive through the informal sector which is mostly made up of SMEs. Singh further points out that the agricultural sector (employs 53% of informal work force), service sector which include telecommunications, manufacturing, construction, banking, and the hotel industry constitute 37%. In a similar research Ayyagari et al. (2007:419), there is a positive correlation between SME sectors and GDP (Gross Development Product). de Heide (2006:13) and Wattanapruttipaisan (2001:57) share the same view like others of the economic potentials of startup SMEs due to their innovative nature. The views presented in the above arguments suggest that SMEs plays a positive role in economic prosperity by creating market pressure through competition. Figures 1 and 2 below shows the share by sectors in GDP, in which agriculture make up 20.6%, industry accounts for 27.3%, and service sector make up 52.1% in Cameroon according to (World Factbook - Central Intelligence Agency IA 2014).

Figure 1: Share of GDP by sector
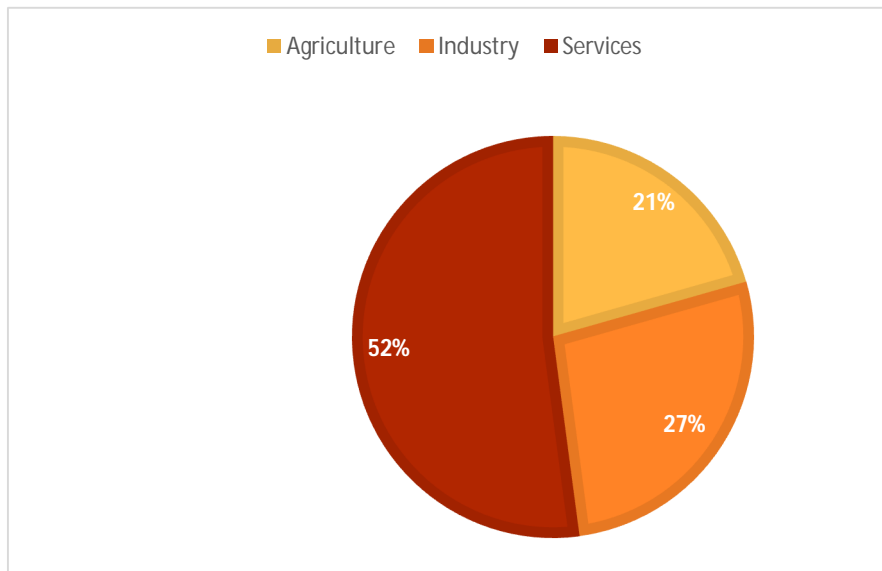
Source: (World Factbook – CIA 2014)

Figure 2: Share of labour force by sector
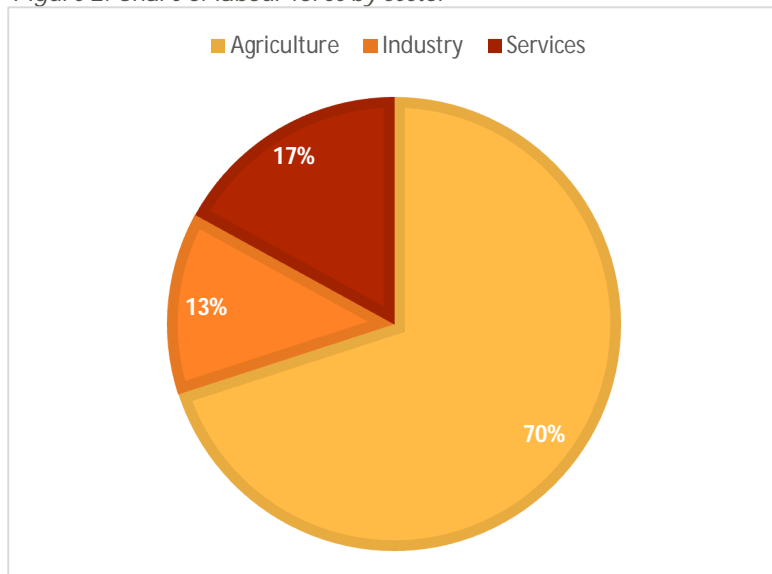
Source: (CIA World Factbook 2014)

Different views reconized and support claims of the importance of SMEs. atheorists support and recognized the importance of SMEs. For instance, Wennekers and Thurik , (1999:29), argue that SMEs through their

entrepreneurial activities are innovative, influence the market share and direction of the economy by identifying opportunities to increase their income and overall competition.

Equally, Morrison et al. (2013:14-16) argue that the small size of SMEs gives them an edge over larger enterprises since they are able to adapt quickly to market changes, make proactive moves, and get closer to consumers to learn their preferences. By doing so, they are able to customize their goods and services to match consumer's expectations thereby controlling and comprising a greater share of the market, a phenomenon known as– 'the scale paradox'. On a personal note, SMEs are owned and operated by an entrepreneur or a small group of individuals, which means there is flexibility in decision-making. This flexibility often plays an essential role in the survival of SMEs In this sense, it could be said that SMEs are able to adapt and reshape their strategies to suit market changes faster than larger enterprises. SMEs and entrepreneurs alike establish their activities based on a given set of ideas, irrespective to the short and long term objectives, the willingness and opportunity towards an innovative outcome, and to maximize profits from their thoughts. In this regard, SMEs can be seen as economic innovators which serve as nurseries for larger and multinational firms. In so far as this argument holds, SMEs can thus be likened to the bedrock of economic development and prosperity.

It is important to note that although SMEs share the same vision of economic enhancement, their activities and impacts vary across regions since they operate under different conditions, market environments, client orientations, and technological advancements. Similarly, Fan (2003) likewise found that ...'*SMEs act as engines for growth by providing the largest share of employment in most economies, creating market pressure, and increasing competitiveness, which facilitates higher quality goods and services'*. The view presented here is that micro, small, and medium size enterprises serve as the source of income for many poor families with businesses, especially in villages

and rural areas. This suggests that in addition to SMEs being viewed as an economic bedrock, they are a tool for poverty reduction and self-employment for the pro-poor. More evidence in this direction can be seen in the work of Tuck et al. (2014). For them, promoting SMEs will create more jobs and gives people of different social classes the chance to increase their income level. The good news, however, is not always consistent, as there have also been failures among different sectors within SMEs, reason why SMEs failures could turn into a green light by promoting their activities.

2.3 SME Failure:

In attempting to analyze SMEs' failure, it is important to note that failure is not a process beyond human control. According to Dun and Bradsheet, 1969 (cited in Ihua 2009:200), SME's failure is the end or termination of the activities of SMEs caused by internal and external factors with losses to the owners of the business. Among the myths concerning SMEs' failure is access to financing, which is built on the notion that every business needs sufficient capital to strive and grow. In the case of SSA and Cameroon in particular, more than 70% of the economy is made up of the informal sector (de Vreyer and Roubaud 2013:17 ; Mbaye 2014; Yélognissè et al. 1998:2). The informal sector here refers to any business entities that operate out of the modern legal system, which is unregulated and untaxed, and hence can be viewed as economic or market cheaters since their informality means government revenues through taxes are undermined. Likewise, sound and efficient policies cannot be determined due to lack of data to quantify the activities of enterprises. Roubeaud and Torelli 2013 (cited in Mbaye 2014:4) show that wages in the formal sector in Cameroon are twice higher than that of informal sector. This has two implications: Firstly, salary based motivation to employees is undermined, and secondly, the informal sector attracts mostly unskilled labour which in both cases adversely affects productivity. Furthermore, there are those who argue that the form under which

SMEs operate can translate to whether or not their overall mission is to grow or remain small (Berner et al. 2012:386). This view holds that there are SMEs and entrepreneurs that operate to satisfy household needs--survivalists--and those who really want to grow while at the same time satisfy household income--the growth oriented ones. Far from this, another skeptical view is: can the government be held accountable for SMEs informality? Whether or not this is true can be viewed as two sides of the same coin. The first is that the sense of insufficient and inefficient accountability, integrity and transparency in agencies could drive SMEs to stay informal.. In this case, SMEs could decide to exit and stay informal in order to make profit with less expenditure (Mbaye ibid4.). A potential view to explore is the degree of appetite and quality of government's incentives to move SMEs from informal to formal or perhaps the simple reason that SMEs cease go formal when those assigned to cater for their needs are not by themselves transparent. The backdrop with the government is that, there is high possibility for firms to exit and stay informal since large proportion of the tax is having a bigger bite to the about 20% formal enterprises whom even at that are not seen as drivers of the economy as informal enterprises do.

Hence, could SME failure be seen as SMEs' own responsibility or that of the state? To answer these questions, there is the need for an integrated inquiry of what SMEs say they need, what the state provides, and lastly what those assigned to promote SMEs do, in relation to their performance.

Based on the work of de Heide (2006: 13-15) and Mambula (2002:59), access to finance accounts for most SMEs fails. For some, state priorities towards creating a favorable and efficient market environment is not well targeted and SMEs lack the necessary management skills to cope with growing competition and globalization (Wattanapruttipaisan 2001:59-62). For others like the small size of SMEs creates bias in banks' loan approvals as well as a lack of economies of scale . In the same line of argument, the inability of SMEs to conduct research

and development (R&D) or market analysis and specialization can be a major blow as the "who, what, where and how," a potential consumer base questions will not be answered without competent R&D (de Heide 2006:32). Whether or not these claims are true, it is important to note that tailor-made solutions to these problems can still be successful if they are not treated individually but rather treated on a common ground using a "one strategy for all approach". In general, the lack of skilled labour for SMEs could mean local quality goods and services provided especially in developing countries makes it difficult to attract , keep and meets clients expectations, while others also see the technology gap as a main constraint. Regardless of whatever motives and forms SMEs operate, they are all constrained more or less by factors related to their external or internal environment.

2.4   Internal Constraints:

In discussing the potential impact of SMEs' internal constraints, it is important to note that life itself is not a bed of roses as humans and organizations alike faces difficulties at some point in time . Internal constraints here refers to all problems that come from SMEs themselves. Larson and Clute, 1979 (cited in Theng and Boon 1996: 49), argue that organizational management and leadership skills serve as a key prerequisite to SMEs success. Similarly OECD (2010:17) points out that in a country like Italy, 11% of SMEs see lack of skills as the main barrier versus 6% in large firms. Furthermore, they argue that SMEs face entry and new to market barriers like high startup costs. Because of this, most prefer to stay informal, especially in developing nations which again limits them to legal procedures like bank loans and acquisition of public contracts. In the same report by OECD (2010ibid.), the share of turnover as a result of new entry and product innovation is 8% for SMEs, as oppose to 14% in large firms. Khan and Rocha 1982 , Steiner and Solem, 1988 (cited in Theng and Boon 1996 ibid.) likewise found that in most cases, SMEs failure is often associated with lack

of marketing strategies, personnel management, knowledge of accounting, and product and market analysis. In a similar arguement, Abor and Quarter (2010:224) note that SMEs simply do not have the capital to finance their internal constraints. First, they rely on cheap labour instead of hiring skilled staff. Secondly, lack of incentives for staff reduces staff performance and affects overall productivity. According to OECD 1993 (cited in Bougrain and Haudeville 2001:738), the manager and entrepreneurs plays a vital role to the overall success of SMEs since they are responsible for the approval of most decisions and transactions within SMEs. If SMEs have innovative and competent managers, they have an edge when it comes to the growth of their enterprise. From experience, most SMEs are operated and managed by entrepreneurs themselves or very small groups of individuals, which means that decision making often rests in the hands of the investor or a designated family member which kills dynamism and production.

For those who see innovation as a major setback to SMEs growth like Aryeetey et al. 1994 (cited in Abor and Quarter 2010 ibid.244), the lack of technological infrastructure to increase productivity and enhance competition with foreign products, pushes SMEs in most developing countries out of the market since they are not able to compete with high quality and subsidized foreign products. Similarly, Kotler and Lee 2005:162 point out that most SMEs neglect the benefits of community engagement, the formation of a strong relationship with the civil society through contributions to and support of community based programs. This phenomenon is called social responsibilities, and large enterprise traditionally have the edge in this field. This suggests that although most SMEs operate informally and tend to neglect informal and interpersonal contacts as a tool of networking and source of information, it could be rewarding as far as awareness in the business environment is concerned. Hence, Bougrain and Haudeville (2001:738) conclude that SMEs lack the ability to gain tacit knowledge.

SMEs inability to internally raise funds for their programmes and projects implies the lack of capacity to invest in R&D. Secondly, the skills gap of most people engaged in SMEs activities means a lack of competence to carry out R&D even if they can could raise internal funds. Hence, a lack of clear understanding of consumer preferences and market segmentation could be vital for gazelles - *fast growing SMEs* (Fan ibid.12-16)The inability of SMEs to communicate vision and goals to their staff might arise out of negligence, which in turn causes them to understand the implication of the conventional statement of "*together we stand and divided we fall*" (Philipp 2004:42).

The internal growth constraints of SMEs can often be addressed and solved, but the external constraints which are beyond their control remain a major threat to their development and growth.

2.5 External Constraints:

External constraints are those that occurs outside the firm, which more or less are out of SMEs' control. There is an array of claims among researchers, government bodies, and aid organization that SMEs' main external constraint is their inability to access external credits. Contrary to this view, de la Torre et al. (2010:783), argue that the banks are more than willing to work hand in gloves with SMEs . First, SMEs have the potentials to stimulate economic growth as they are outsourcing agents for large companies to the market which take into account their small size. Secondly, their small size makes them flexible in decision in which case they can easily adapt to economic turmoil, an attribute lacking with large enterprises, Far from this, (ERIA 2014:5-7) noted that potential external barriers to SMEs development are related to tax ceiling, excessive regulations, red tape, information asymmetry, coordination and participation gap between SMEs and agencies, free riders, weak enforcement of contracts, and lack of proper technology infrastructural framework de la Torre et al. (2009:19) and Mambula (2002:60) views on external finance are based on the argument that

access to finance requires financial institutions to grant short and long term loans to SMEs. However, the common problem associated with access to external finance is often related to poor business plans, poor financial records, and lack of collateral security, which all impede loan approval. de la Torre et al. (ibid.20) further noted that the environment under which SMEs operate is a major obstacle to SMEs growth due to the lack of strong regulatory institutional framework which include,

"*judiciary inefficiency, the weakness of contract and collateral enforcement, slow and costly bankruptcy procedures, and the weak protection of investors and property rights*".

In contrast, Dandridge and Sewall 1978; Peterson et al. 1983 (cited in Theng and Boon 1996:50) pointed out that SMEs are helpless and unable to handle their problems since most of the problems are beyond their control and surface from the external environment such as high startup costs , technological gaps, and competition arising from globalization .Fan (2003:4), Bougrain and Haudeville (2001:738) likewise found that SMEs tend to be less innovative than larger enterprises because they invest less in external performance in acquiring external technologies to enhance their production capacity which affects their growth cycle adversely. Table 5 below summarizes the different constraints faced by SMEs and more still , their small size and labor intensiveness under which most SMEs operate limits them to invest on equipping their staff with necessary training that demands technological advancement. Hence, SMEs are unable to absorb the needs of the external environment.

Table 5: Internal vs external constraints

Internal constraint	External Constraint

Lack of capital *{ source of capital is heavily depended on bank loans and family}*	Access to finance *{lack of credit worthiness and informality}*
Lack of management and personnel skills *{ lack of capital mean inability to employ highly skilled staff hence poor management and operational skills }*	Competition *{unable to conduct market research, hence lack of market preference }*
Diseconomies of scale *{small size, hence donot enjoy the benefits of economies of scale like large firms }*	Market imperfections *{economic unpredictability, hence susceptible to external shocks }*
Innovation *{lack of financial capacity to invest in technological infrastructures, resulting to in-house innovation gap ,resulting to low absorptive capacity }*	Weak institutional and property rights *{judicial inefficiency , corruption which raises overhead costs}*
Inability to carryout research and development {no market segmentation and understanding}	
Lack of incentives *{ low salaries and poor working conditions demotivate and reduces overall staff performance }*	New-to-market barriers *{high startup costs , clean definition of goals and objectives}*

In general, arguments about the SMEs having the propensity and momentum to drive economic growth and prosperity are still widespread (Harvey and Lee 2002:6 ; Hallberg 2000:4-5). Promoting SMEs will mean creating a nurturing environment for SMEs to strive and succeed, as they constitute 20.27% of the formal workforce in Cameroon, which is very low compared to neighboring Nigeria with 76% (Beck et al. 2005:207). Hence, it leaves doubts as to if the achievement of Cameroon's PRSP will be feasible and if not, then what measures can be put in place to counteract SMEs' growth setbacks.

The work of Charlier and N'Cho-Oguie (2009:28) points out that in order for Cameroon to achieve a sustainable economic growth, then regulation and policies have to be designed for inclusive growth--not only for the private sector, but all stakeholders who are affected or can trigger economic growth regardless of whether or not they are formal or informal. Charlier and N'Cho-Oguie (ibid.29)

further argue that the share of transport cost accounts for 20-40% of producer's price due to poor transport network linking farm to market or warehouse to ports and so competition with foreign products and services is adversely affected which reduces the overall profit margin of SMEs.

Tremendous efforts has been made by the GoC towards promoting SMEs, including the creation of SMEs' promotion bank, MEPA and one-stop-shop. This has drastically reduced the number of days it takes for enterprises to formalize. On the other hand, one cannot be completely confident in using these measures to ascertain the degree under which the one-stop shop is effective and transparent since Cameroon is still classified as one of the worst countries in which to do business by the World Bank's Doing Business Report Ranking 2014. Hence, this raises the question: if these structures and policies are only on paper and lack performance, do they suffice in driving shared economic growth and prosperity? The answer here is of course NO. Data from the field work suggests that despite the creation of the one-stop-shop, there are still many cases of corruption and red tape.

In the case of developing countries like Cameroon, how autonomous are these agencies from the central government? Do they operate according to the needs of the public or the needs of the hierarchy? How do SMEs and others see MEPA in relation to their performance? What influence does MEPA have and what can we draw from the responses of SMEs on what they say they need. It is worth noting that weak SMEs place blame on these agencies. However, on a broad scale, a common denominator can be drawn to measure the performance of these agencies in relation to first, their programmes and interactions with SMEs in regards to policy and practice. Secondly, on the basis of performance and outcomes in relation to GG practices. Thirdly, international benchmarks with the programmes of other agencies.

2.5 Analytical Framework:

Policy makers

(Policy formation/design)

Interactions with clients;

-access to information on investment opportunities

-capacity building and training

-linkages with foreign investors

-data available to public

-accountability to public

-transparency

-voice of the public

❖ **The SME Promotion Agency (MEPA)**
(objectives, vision, programmes)

SMEs, civil society and other interest groups

Internal resource mobilization;

-agency structure

- performance management

-incentives and punishment

Outcome

- SMEs become competent and competitive

-competition lead to quality products and services

-access to international markets

-access to foreign investors

-employment

-development of new products and services

The Governance Framework w   the literature on Good
Governance and organizational   m the framework, Policy

makers are responsible for policy design and formation process to promote SMEs and the establishment of MEPA.

Furthermore, the framework assumes that interaction between MEPA and SMEs guided by policy guidelines to promote SMEs on the basis of what SMEs say they need will enhance and boost SMEs' growth and prosperity. Whether or not this is the case will depend on the transparent, accountable, integrity and the degree of participatory between SMEs and MEPA.

Benchmarking the performance MEPA against what SMEs say they need on the basis of performance measurement and the elements of GG will serve the basis of analysis between what SMEs see as their needs and the performance of MEPA.

2.5.1 The concept of Good Governance:

This section will look at the concept of GG which stems from Governance as a tool to enhance effective and efficient service delivery in SMEs' PAs.

One important aspect to note is that GG and policies are not an end in and of themselves or a guarantee of achieving an intended outcome. Hence, while there are different views on the reliance of GG as a means to drive PA efficiency, the need to design an outcome mapping indicator might be a great way to measure and test if GG is a good tool for PA performance.

Pro-GG advocates found that GG is directly proportional to higher economic development outcomes and prosperity in both the public and private sectors (Kaufmann et al. 1999; Shafik , 2003). Similarly Hartley (2005), found that GG practice could be a useful benchmark and could build public trust in PA programmes . While government regulatory interventions are meant to tackle and improve human socio-economic problems and to make resources more affordable to its subjects, (Dunleavy et al. 2005:477; Gomez-Ibanez 2003:19),

claim that without good institutions, regulatory strategies are as good as political machines. Similarly, Matland (1995:149) found that for reform to be successfully implemented, a key criterion involves a clear understanding by the micro level population of the policy implication and practice. The astounding consistency of views that GG might be a useful tool in delivering efficient and effective public services, has been challenged by skeptics. Forinstance, Mahbubani (2010) and Gomez-Ibanez (2003 ibid.) argue that managers of public agencies could be subject not only to hierarchy , but also to clientele capture by those whom they have been assigned to promote their activities and by their very own selfish interest owing to their power and position to influence outcome. Hence, Rhodes (2009:158) concluded that patronage relationship undermines GG by creating an avenue for corrupt practices and loss of public trust and confidence in PAs.

The new era of development priorities that presumable see GG and Governance as useful concepts in rendering more transparent, accountable and participatory PAs are frequently used interchangeable in diverse areas. Among these; corporate governance, ICT (information and communication technology) governance and public governance vary to the respective organizations.

In common terms, Governance entails all the processes and activities in the geo-political, socio-economic and socio-political in which rules and norms are design by the central government in a country to define actions aim at achieving a sustainable sets of goals and objectives that will satisfy (by means of transparency, accountability, integrity, efficiency and participatory, social justice – Good Governance) the interest of all stakeholders and to evaluate performance based on outputs and outcomes (World Bank 1992:6 ; Asian Development Bank 1995: 3-12 ; Canadian International Development Agency 1997:1-2; UNDP 1997:5 ; Kaufmann and Kraay 2002) . The role of these concepts have been viewd differently by different critics, especially as to whether or not they are more theoretical or realistic (Fukuyama 2013).

2.5.2 The Role of Good Governance in Agency Performance:

The potential role of GG as an efficient tool to enhance the performance of PAs is split between those who see GG to be a useful concept (pro-GG advocates) and those who see the concept to be inefficient, politically driven, and unreliable in boosing the performance of PAs (GG critiques).

Whose views are correct rests on the notion that the state by virtue of its autonomy is responsible to drive economic prosperity, pursuit of strategies that will sustainably regulate and promote all sectors and to meet the welfare needs of its subjects through sound policies and reliable institutions using different approaches among which is GG.

Among the skeptical views of GG is that, in a system of elite capture where managing positions in PAs are held by officials of the ruling party, which is the case in most developing, weak and fragile states, the common backdrop associated with such practices are red tape, lack of people's voice in decision making, and lack of integrity and accountability. Paradoxically, managers are supposed to be more transparent and accountable to political patronage rather than the public. In view of this, GG could be viewed as a politically driven concept, rather than a tool to enhance PA performance (Leftwich 2008:226).

Another skeptical view is that China, a country with a low GG performance index according to World Bank and Transparency International (TI) 2013 indices, is the second most productive economy in the world other than the Nordics who top the list of GG and Transparency rankings (Grindle 2010:10). In addition, Botswana, Rwanda and Mauritius have a very low corruption perception index versus Nigeria with a veryy high level of corruption according to TI 2013. And yet, Nigeria has the largest and one of the most prosperous economies on the continent. Similarly, on the basis of democracy, the case of China and the Nordics applies, Besançon (2003) argue that the more democratic

a country is, the more the needs of its citizens are taken care of. China is a communist country with low democracy perception index, but they have a prosperous economy which it has maintained for almost four decades against the Nordics. The Human Development Index (HDI) measures socio-economic wellbeing, healthy lifestyle, and the extent to which citizens are knowledgeable (United Nations Development Programme 2014). Contrary to this view, India forinstance , have one of the largest democracy in the world according to World Bank , but with a low HDI compared to countries like The Netherlands which are among the top on this list.

India, for example, has one of the largest democracies in the world according to World Bank, but they a low HDI compared to countries like The Netherlands, which is near the top of the list.

Pro-GG advocates argue that GG benchmarks to wit; transparency, accountability, participation and integrity are useful tools to boost public agency performance in what Hood (1991) coined the "New Public Management (NPM)" which is the process of rendering a more efficient and effective public sector service delivery. The three key bottlenecks addressed by NPM according to Dunleavy et al. (2005:470) include disaggregation, which involves reducing internal layers of bureaucracies and having a more flexible public sector. Secondly, to make the provision of a more marketable public sector in the allocation of resources which is believed to increase competition. Third, incentivization which involves merit based pay by rewarding performance of quality services.

While it may be possible to relatively justify the effectiveness of GG, the context and environment under which GG is implemented varies in different regions and so do outcomes (Botchway 2000). By Transparency, PAs are expected to make information accessible to SMEs at no cost and through

different channels. Accountability requires agencies to be more open to the public and give accounts of their actions and programmes. Furthermore, GG challenges PAs to include the voices of all stakeholders in their decision making processes through a participatory approach. Lastly, integrity requires public agencies to be honest and loyal in their services and programmes, in order to gain public trust. Overall, some of the main public agency setbacks addressed by GG involves governments' role in creating a favorable regulatory atmosphere for SMEs to strive and grow through PAs which is not always the case, but rather a political maneuever. Bureaucratic approaches among which top-down implementation, which Hartley (2005:29-30) and Martland (1995:145) argue kill and impede organizational balance and limits chances of PAs' performance by focusing on the top officials or policy makers in whose efforts in most cases are geared towards manipulating policy designs to suit their interest. This is in opposition to bottom-up implementation which targets the interest group and creates public participation in government reform processes.

Undermining staff capacity through exclusion in decision could affect productivity. This goes beyond to shed more light and give credit to bottom-up implementation in agency performance and the need for a participatory approach that involves all parties in the public sector reform and programme design process, as well as interest groups (Grindle 2004:525-526). In this case, decision making shouldn't be based on the hierarchy but rather on a lateral administrative and organization platform. The notion behind this statement is that in most public agencies, middle and low level staff are the ones who are in contact with clients, not the top officials. In this way, their day-to-day interactions give them a strong sense of translating public needs into broad agency vision and programmes.

On this note, Grindle (2005) further proposes two frameworks on how successful implementation of GG can be look upon and achieve. First, she argues

that GG approach should be able to identify institutional weaknesses and strengths. That is to say knowing the limits through which agencies can reach in implementing the idea GG practices which to her are a chance to further streamline implementation boundaries. For instance, including women's voice in a community programme that forbids women in public affairs might be a backdrop to the overall progress of such programme. The emphasis of this framework seems applicable since not all public agencies have the capacity to translate all governance mechanisms into objective values, as some GG tools are technologically oriented while others still uses the tradition methods of GG. The outcomes of the technologically oriented tools and traditional tools might have great disparity.

Secondly, implementation of GG can perhaps identify possible sources of change in both the internal management of agencies, the staff, change in hierarchy, political groups, and of course the external environment which involves how the policies and programmes will meet SMEs' perceived needs. This is important because, it serves as a performance check of which GG approach can best achieve what, when, and where. Similarly. Similarly, Kettl and Milward (1996:15) argue that the major backdrop rest on pursuing the reality and accountability of public managers who are influence by bureaucracy and allegiance to power and political regimes through patronage relationships. These eye opening debates are extremely important to scale the extent through which the concept of GG is applicable in reality rather than in theory. The normative views of government's role in shaping the economy through different policies could be challenged, especially if these views do not translate themselves into observable outcomes

Chapter 3: Economy, Government, Policy Instruments , Promotional Agencies

This chapter examines the economy and role of the GoC in fostering economic growth, change in policies, and agencies responsible in driving these changes in order to meet the government's vision of fostering economic growth.

3.1 Economy:

The regularization of the economy by the GoC in alliance with economic blocks like the IMF and AfDB, through major economic reforms and structural adjustment programmes owes to the economic turmoil as a result of devaluation and the fall of oil and agro prices in the world market between 1987 and 1993. But first, the economy experienced a rosy annual growth rate in the 1978 of 5%

which further went up to 7% until 1986 after the discovery of oil, which all contributed to 20% of GDP, 44% government revenue and 54% exports . Cameroon experienced a 3.7% - 2.6% (1.1%) growth rate in 2004 and 2005 respectively, in whose decrease was mainly affected by a 1.3% decrease of the secondary sector In addition, GDP growth rate further went down to 3% per annum between 1992 to 1994 and stepped up to 3.3% in 1994-1995, and then to 5% in 1996. Fall in timber exports resulted in a fall in GDP to 4.4% in 1998 to 1999 and further to 4.2% in 1999 to 2000. The period between 2000 to 2001 experienced a step up of 5.5% (AfDB 2009:1-5).

The economy is largely fueled by oil and the agro sectors which according to AfDA (2009:2), make up 50% and 25% of total GDP respectively. Overall, consumption and investment constitute 80% and 17% of GDP respectively on the demand side while at the same time, the share of the primary sector to GDP stands at 21%, employing 60%. The secondary and tertiary sector represent 33% and 43% respectively (ibid). With about 93,000 SMEs in Cameroon which make up 85% of the private sector, creating about 300,000 jobs with an employment ratio of 1 SME to 15 employee (NIS/GEC 2009 :1-3 ; Rabarijohn 2012) and given the current world oil and gas crises that have ripped major economies like Russia, Saudi Arabia, and Nigeria, the strength of the Cameroon economy is yet to be decided. If the mistakes of the 1970s can't be corrected, then the role of the government remains at stake.

3.2 Role of the GoC:

Cameroon enjoys a stable political atmosphere among its neighboring countries which itself is an incentive to drive economic growth (AfDB 2009:1). Nontheless, the government's role in driving the economy relies on different factors as Clark (1995:598) stated:

"Governments are able to use social , political and economic policies to encourage a healthy civil society and public accountability of state institutions in ways which promote participatory development and foster a strong private sector. Such policies would help the government become better attuned to popular concerns, and to improve its efficiency".

The government, in an urge to restore and sustain growth, enacted major reforms geared towards fixing macroeconomic and budgetary imbalances, implementing civil service reform and a focus on improvement of the transport sector (World Bank 2000).

The common strategy of promoting the private sector as a way to foster economic growth pushed the GoC to create The National Center for Assistance to Small and Medium-scale Enterprises (CAPME) in 1970 by Presidential Decree No. 70/LF/7 of May 20, 1970. Among the agency's main goals was to promote the development of SMEs by and for Cameroonians through information and capacity building. Secondly, Presidential Decree No. 75/238 of April 3, 1975 led to the creation of the Aid and Loan Guarantee Fund for small and medium sized (FOGAPE) whose main mission was to provide financial assistance to SMEs related projects to boost SMEs' growth capacity. Although these agencies managed to fulfill their objectives, they suffered from administrative inefficiency and mismanagement which eventually resulted in their bankruptcy (Levitsky and Prasad 1987; Ndongko 1986:135-139; De Santis and Lang 1989; UNECA 1984:14).

In the government's 2035 strategic framework vision to improve economic activities, its major objectives and target include:

Table 6: GoC vision 2035 growth strategy

Major objectives	Target

Become a middle-income country	-Increase the productivity of the economy - Intensify sylviculture, agro-pastoral activities, fish farming, mining activities - Preserve macro-economic stability - Promote the transformation and professionalization of services - Promote, disseminate and enhance research findings
Become a newly industrialized country	-Intensify investments in infrastructure and the productive sectors - Develop a sound, competitive and diversified manufacturing sector - Collect savings, finance growth and development - Change the structure of external trade and expand the markets - Integrate into the international financial sphere and improve banking intermediation
Enhance national unity and consolidate democracy by promoting the ideals of peace, freedom, justice, social progress and national solidarity	- Strengthen national unity and consolidate the State as guarantor of the public interest - Promote the rule of law and the credibility of the judicial system - Ensure greater participation of the population and consolidate social liberties - Strengthen the security of persons and property - Strengthen decentralization and local development.
Reduce poverty to a socially acceptable leve	- Make the population an effective factor of development - Intensify investment in infrastructure and productive sectors - Narrow the gaps by improving the redistribution systems - Improve supply and guarantee access by the majority to quality healthcare services - Improve social protection and security - Improve the supply, quality and adequacy of training - Promote the creation of decent jobs

Source: AfDB (2009:8)

Driving economic growth also means creating a favorable climate for enterprises to strive and grow through the implementation of sound regulatory framework. Cameroon ranks 168 out of 189 in the World Bank's Doing Business Report (see Figure 3 below). This report focuses on the aspects of starting a business, obtaining construction permits, getting electricity, and registering property, accessing finance, protecting investors, enforcing contracts, resolving insolvency, tax schemes, and border trade. Hence, the implication is that doing business, let alone succeeding, in Cameroon is a cumbersome venture.

Figure 3: Cameroon ease to do business ranking over the years
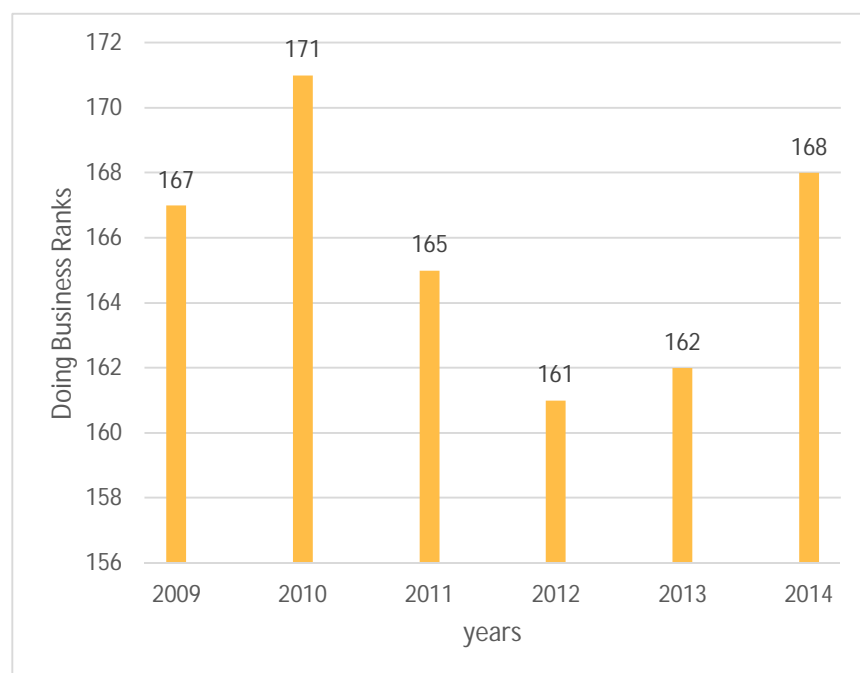
From the chart, we can see that the bell shape between 2010 and 2014 indicates weak performance in relation to doing business in the country.

Tremendous improvement was made between 2011 and 2013 with a 4-point downward swing (2011 - 2012) and a 2-point upward swing (2012 - 2013).

Interestingly, various policy instruments and agencies including the creation of one stop shop started between 2011 to 2013 but as we can see the easy to business performance from 2012 to 2014 is increasingly cumbersome.

Source: World Bank Doing Business Report 2009, 2010, 2011,2012,2013,2014.

Similarly, looking into the country's Doing Business Good Practices and Transparency according to World Bank's 2014 and 2012 reports respectively (see table 7 below), shows that the country is still far behind among its peers in starting up a business and business information gap for entrepreneurs vis-à-vis the law or decrees on what incentives are available for entrepreneurs and SMEs alike.

Table 7: Business regulation transparency in Cameroon and rest of SSA

Countries	Availability of fee schedules for starting a business	Available only upon request from agency's employee?	Published in laws/ decree/ regulation / gazette?	Brochures, boards or other public notices at the agency's office?	Easily available online?	Can registration procedures be completed online	Presence of one stop shop	Is there no paid-in minimum capital requirement?
Cameroon	no	no	yes	no	no	no	yes	no

Congo (Dem.)	yes	no	yes	yes	no	no	yes	no
Congo (Rep)	no	no	yes	no	no	no	yes	no
Central African Rep.	no	no	yes	no	no	no	yes	no
Equatorial Guinea	no	yes	no	no	no	no	yes	no
Gabon	no	yes	no	no	no	yes	no	yes

Sources: ▢ World Bank Transparency in Business Regulation 2012

■ World Bank Doing Business Good Practices 2014

Corruption has been a major blow not only to the economy but also the entire country as it is systemic and affects both the private and public sectors whose attributes could undermine policy and overall reform strategies. While others (Gould and Amaro-Reyes 1983:24; Bayley 1966:728) argue that corruption could be a greasy wheel to overcome bureaucratic rigidities in the acquisition of licenses, customs clearance, tax avoidance, and startup procedures, this view has been countered by those who argue that corruption undermines efficiency and effectiveness not only in the public and private sectors, but also constitutional gerrymandering (Chêne 2014:2).

In addition, corruption has been researched and found by different scholars (Pellegrini 2011:24) to have a negative correlation with economic growth and overall business environment. First, corruption increases the transaction costs for entrepreneurs by forcing them to pay for services which are normally free. Secondly, corruption undermines the capacity of public staff. Thirdly, it increases government expenditure, and lastly, corrupt practices impede foreign direct investment by increasing costs for foreign investors. In addition,

corruption undermines foreign aid, especially when donor countries realize a massive elite capture and lack of transparency in receiving countries.

Being the winner of the most corrupt country award for three consecutive years (1998-2000) according to the corruption watchdog Transparency International, efforts by the GoC towards shaping the public sector to combat corrupt practices which has become a cankerworm can be seen by recent efforts in, first, Decree No. 098/273 of October 1998 establishes the Ministry in charge of the Supreme State Audit to ensure ethical practices in public sectors and control of state's accounts. Secondly, The National Anti-Corruption Observatory, created in 2000, The National Agency for Financial Investigation (ANIF), created by Decree No. 2005/087 of May 2005, National Anti-Corruption Commission (NACC), created by Decree No. 2006/088 of March 2006 which took over The National Anti-Corruption Observatory (Siyam et al. 2012 ; AfDB 2009:4).

The capacity of these measures by the GoC to tackle corruption still suffers from credibility issues since according to TI Corruption Perception Index (CPI) 2013 and 2014 (see table 8 below), Cameroon still lies along the boundaries of the most corrupt countries in the world. This goes further to question the effectiveness of these agencies to tackle corruption because many people view them as job banks for bureaucrats or an avenue for cronyism

Table 8: Cameroon's CPI between 2009 - 2013

Years	Ranking / Total	CPI Score / 100
2013	144/177	25
2012	144 /176	26
2011	134/182	25
2010	146/178	22
2009	146/180	22

Source: Transparency International 2009 - 2013

According to the survey, a CPI (corruption perception index) score of 75- 99/100 implies a highly clean or less corrupt countries/economies while a score range 0-25 implies highly corrupt countries/economies.

3.3 Policy Transition:

Policies are designed to enhance internal institutional and administrative capacities which will solve socio-economic imbalances, market imperfections aimed at achieving shared economic growth, peace, and prosperity. The relevance of any policy framework could be measured by its outcome and value of change in its beneficiaries.

The shift by the GoC to promote SMEs as a result of the drop in the prices of oil and agro commodities like banana, cotton, rubber, cocoa, coffee, timber, in the world market which constitute a significant share in the Cameroon economy vis-à-vis employment and GDP, the devaluation of the Cameroon currency and global economic/financial crises in 1985, 1990, 1995 and 2008, was eminent in order to diversiy growth and which saw the passing of Law No 2010/001 of 13th April 2010 To Promote SME's in Cameroon.

Among the key objectives of this decree are:

-   provision of information on investment opportunities to SMEs (Chapter II/Section 9)

- SMEs incubation structures should identify the potential of SMEs and develop the skills of their promoters, acquaint SMEs with networks of effective relations and business opportunities (Chapter III/Section 12)

- Building SMEs capacities, promoting scientific and technical research, facilitate and ease SMEs access to finance, modern management methods, enhance their competitiveness (Chapter IV/Section 17-19)

- Chapter V/Section 34 ; Approve SME management centers to provide accounting and tax management assistance to SMEs in accordance with the regulations in force (Ccameroon Investment Promotion Agency, n.d.).

The expectations of the promotional agencies and SMEs with respect to the policy to promote SMEs can only be judged by measuring their outcomes.. For Dunn (2012:246), policies based on factual and value promises can only be established through monitoring impact and the evaluation of outcomes. Hence, policy monitoring and impact evaluation of outcome could be very essential in that, first to ensure compliance of norms set aside by policy guidelines and implementation. Secondly, the extent under which the outcome a policy meets the needs of its target beneficiaris. Third, to provide data of policy outcome which will create awareness of policy programmes, planning and gaining trust in public institutions. In essence, policy monitoring and actions related to allocation and regulation help to enable a policy to meets its intended outcomes (Dunn 2012:246-249). Figure 4 below shows that if those to drive policy outcome and giving and empowered in relation to policy inputs (financial and non-financial) and careful monitoring of policy projects, then the policy impact could be feasible.

Table 9: Policy , inputs and outcome
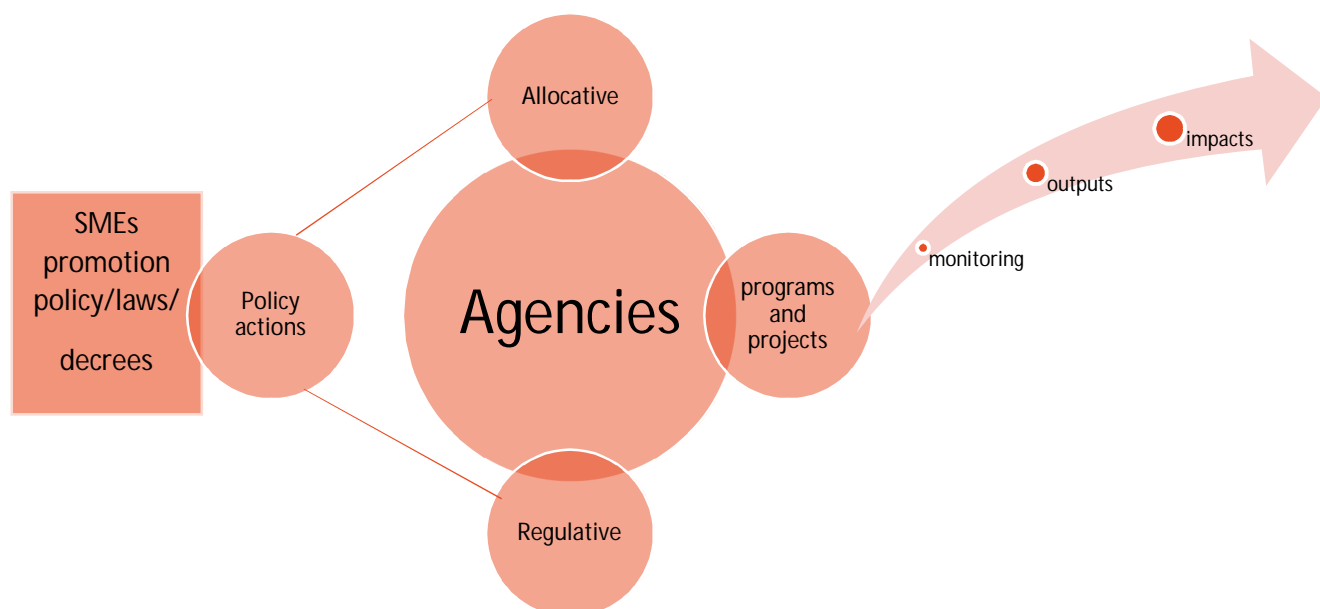
Source: adapted from Dunn (2012:249)

According to OECD (2011:93-94), most public agencies face two main problems in their struggle to promote SMEs. First is the need to ensure that policy projects and programmes meet policy goals and objectives. Second is to ensure that the budget meant for policy projects and programmes is used to achieve optimal returns. Based on these claims, it could be said that the ease with which policy goals and objectives can be achieved rests on three main factors: effective implementation, monitoring each phase of the projects and programmes, and evaluation of outcomes

3.4 Promotional Agencies:

The role played by PAs, if well managed and implemented through a multistakeholder, inclusive and capacity building process could be a major breakthrough to foster what SMEs say they need. Hence, there is the need for a comprehensive, coherent, and consistent commitment of all parties involved at

all levels to ensure that the objectives described on policy documents are fully addressed and translated to intended outcomes.

The expectations of agencies entrusted to promote SMEs should therefore be able to clearly define and communicate what their agency seeks to provide and how, not only within their internal structure but also to SMEs and special interest groups. Far from that, a clear and reliable channel of information and awareness could be a powerful tool in achieving the climate that SMEs need to strive and succeed.

Similarly, the introduction and SME access to technology they need to boost their outputs, creating incentives for SMEs to lobby for and participate in research and management projects, promote and encourage foreign linkages which will open investment corridors and partnerships for SMEs to gain and access not only new markets, but also recent technologies and management (OIC 2011). If the "how to do and expected outcome" of these actions are not well communicated to SMEs, then success will only be a shadow rather than reality which accounts for the growing needs seen by SMEs.

It is worth noting that policies could be successful by considering the economic terrain and factors under which SMEs operate and which are affected upon such as labour market mechanisms, tax schemes, competition, capital markets, bankruptcy laws, skills enhancement, innovative capacities, and SMEs cultural values, as all this are external factors that are in some way linked to SMEs' success as cited in the literature earlier.

Some (shown on table table 9) of the private as, para-statal, multilateral, as well as public, financial institutions and agencies () whose range of activities involve promoting the business climate in Cameroon and Douala in particular include those listed in the table below:

Table 10: Lists of SMEs support agencies and institutions

Name of Agency	Legal Status	Main Function
National Investment Corporation (SNI)	Public	Promote socioeconomic development of the country through buying of company shares, granting loans to investors and managing investment projects on behalf of the state
Cameroon Chamber of Commerce, Industry, Mines and Handicraft (CCIMA)	Public	Disseminate economic and commercial information, support creation of enterprises, export support, certification and training
Investment Promotion Agency (IPA)	Para-statal	Promote Cameroon business climate to abroad; attract foreign direct investors ; present lucrative projects to investors and carryout certification
Ministry of Small and Medium-size Enterprises, Social Economy and Handicrafts (MINPEMEESA)	Public	Responsible to develop, implement , monitor and evaluate government's policy to develop SMEs, Social Economy and Craft
Groupement Interpatronal du Cameroun (GICAM)	Private	Empower businesses though training on business matters and defend business owners on issues that directly and indirectly affects their business and to enable them benefit from favorable business environment
International Finance Corporation Cameroon (IFC)	multilateral	Provides financial support and advice to private sector development projects including SMEs
The SME Promotion Agency (MEPA)	Public	Targets SMEs nationwide vis-à-vis capacity building to fight competition, management and all activities aim at fostering SMEs growth and development both in domestic and international markets
BICEC , SCB Banks	Para-statal	Provide financial aid to SMEs' projects
Advance Cameroon Group , African Development Bank	multilateral	Provide funding assistance to SMEs Projects
Cameroon Business Forum (CBF)	Public	Improving business climate by empowering the activities of the private sectors and strengthening public private partnerships
SMEs Promotion bank	Public	Provide SMEs financing windows

Among these institutions and agencies, only The SME Promotion Agency (MEPA) was created by presidential decree 2013/092 of 3 April 2013, to promote the activities of SMEs. Unlike the other agencies that see into the improvement of the general business climate, MEPA specifically targets SMEs in relation to their shared vision of growth, development, and economic prosperity.

The main objectives, activities and expectations of MEPA are:

- to provide assistance and guidance to SMEs

- to facilitate formalities for starting a business

- to assist and advise holders of ideas and projects

- to build capacity

- to establish a data bank and project

- to promote technological innovation

- to establish an observatory for SMEs

- to incubate start-up

- to encourage companionship (partnership with large companies), etc.

Being the sole PA with legal personality and financial autonomy to foster SMEs growth and development in Douala-Cameroon, it is led by the Ministry of Small and Medium-Size Enterprises, Social Economy and Handicrafts (MINPEMEESA) and Ministry of Finance (MINFI) for technical and financial supervision respectively. It is managed by a board which consists of 12 members who are appointed by presidential decree for a 3-year term in office MINPEMEESA, n.d).Briefly Table 10 and Figure 5 below.(Ministry of Small and Medium Size Enterprises, Handicrafts and Social Economy, n.d.).

Table 11: Summary of MEPA

Shortname	MEPA
Headoffice	Douala, Cameroon
Status	Government Agency
Main activities	Promotion of SMEs through; -capacity building against competition and skills gap -technological innovation -guidance and assistance -assistance and guidance of SMEs projects -provide information on support programmes -linking SMEs with foreign enterprises and investors
Sectoral priorities	Focused on SMEs, but priority is giving to SME with high potential (the kind of priority and sectors are not specify)
Function	SME Promotion
Source of funds	State budget
Budget	12billion FCFA ≅ EUR 18,293,882
Number of staff (national)	600
Management board	12members appointed by presidential degree
Technical supervision	Ministry of Small and Medium Size Enterprises, Social Economy and Handicraft
Financial Supervision	Ministry of Finance

Figure 4: Organigram of MEPA
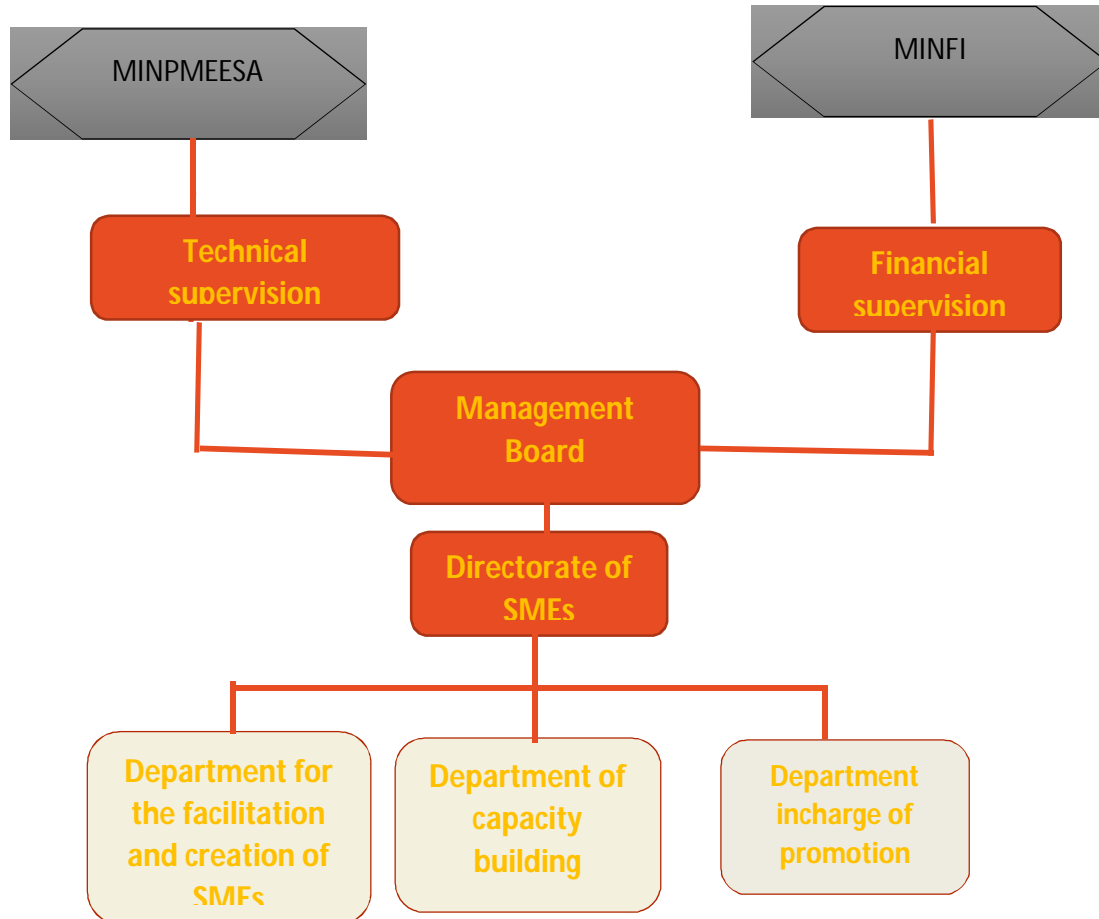
Source: Ministry of Small and Medium-sized Enterprises, Social Economy and Handicrafts, n.d

3.3 The Study Area - Douala:

3.3.1 Introduction:

Discovered in 1472 by a Portuguese sailor named Ferdanando Poo ,the city of Douala lies within the geocordinates of latitude 04 3N (4.04827) and longitude 009 42E (9.70428) with IATA city code DLA and located along the banks of river Wouri . Being the economic capital of Cameroon and the capital of the littoral region, it is divided into seven main districts to wit; Bonanjo, Akwa, Bonapriso, New Bell, Bonaberi, Deido and Bassa, among which Akwa is the central business district. It has a population of about 2.5million people and a surface area of 210 km2 (80 sq mi) , hence a population density of 11,904 inhabitants/km2 (Cameroon Infotourism, n.d. ; Geoba, n.d. ; Index Mundi, n.d. ; Presidency of the Republic of Cameroon, n.d. ; The Crawfurd, n.d.).

Douala is the richest and most urbanized city in Cameroon and attracts about 100,000 migrants annually for businesses, leisure, employment, and investment (Les Ateliers 2013:2). From 1987 through 2005 to 2012 (809 852, 1 907 479 and 2 446 945 respectively) the number of inhabitants in the city has increased dramatically with an annual growth rate of 3.62%, which makes it the fastest growing city in the country, with an estimated population of 4 million inhabitants by 2025 (Les Atelier 2013 ; World Gazetteer 2013).

As the population increases, there is of course rising demand for goods and services to meet household needs and wants. To support this growing population, job creation is eminent. As a business hub, it is home to majority of the country's enterprises and consulates alike such as Turkey, USA, Italy, India, Denmark,

Israel, Nigeria, Senegal, Canada, Belgium, France and Mali (Douala Urban Community, n.d.).

3.3.2 Economic potentials of Douala:

Of all the enterprises in the country, 35.1% are located in Douala (see fig. 1.9 below) and 89% of them are owned and managed by sole proprietors, mostly Cameroonians. In 2008, enterprises in Douala account for 59.7% of the total turnover of 10 225 billion FCFA (about €15 million) , 47.1% of permanent jobs in the country and 31% of the country's GDP (Euromonitor International 2013 ; NIS/GEC 2009).

Figure 1.9: Distribution of enterprises by cities and regions
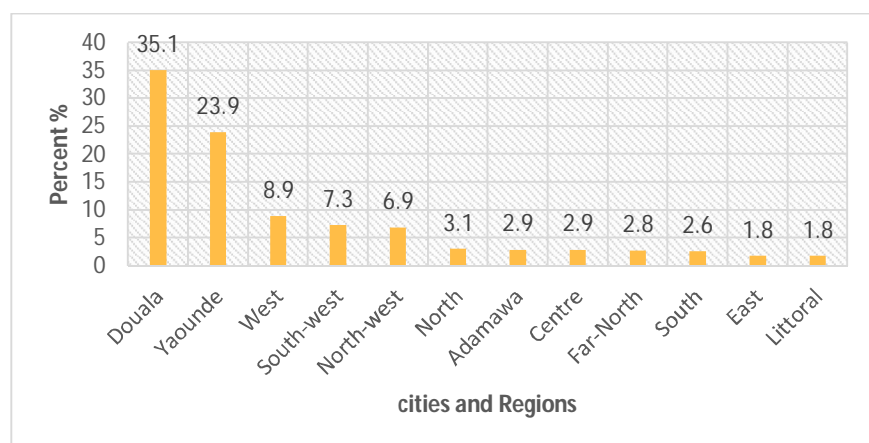
Source: GEC/NIS (2009:2)

The presence of a ring road that connects the city to all parts of the country has given the city an added edge in addition to its economic potential. The largest seaport in Central West Africa, the Douala port has a carrying capacity of 6 million tons of cargo per year and constitutes 95% of all entry and exit of imports,

exports and goods to the CEMAC countries. For this reason, it serves as a transit hub to the to the rest of the CEMAC countries such as Chad, Congo, Central Africa Republic. Despite the fame of the city, it still faces numerous impedements to its socioeconomic development, such as an underdeveloped infrastructural network, poor space management, poor sanitation, and high rates of unemployment and crime (World Bank 2014, 2010a, 2010b).

Chapter 4: SMEs' Constraints and MEPA's Performance:

This chapter presents and analyze key findings from the survey between what SMEs say they need and the performance of PAs. MEPA, CCIMA, and CIPA were the main agencies researched, for reasons stated earlier.

4.1 Survey Findings:

i) Respondents by Size

The survey (Fig. 7) covers enterprises governed by SMEs Promotion Law which include; Very Small Enterprises (VSE) of staff count 1-5, Medium-size Enterprises (ME) of staff count 6-21, and Medium Enterprises (ME) of staff head count 21-100. From the survey, 46.2% (18) of the respondents represent medium enterprises (ME), 30.8% (12) were small enterprises (SE) and 23.1% (9) were very small enterprises (VSM).

Figure 5: Respondents by employee size
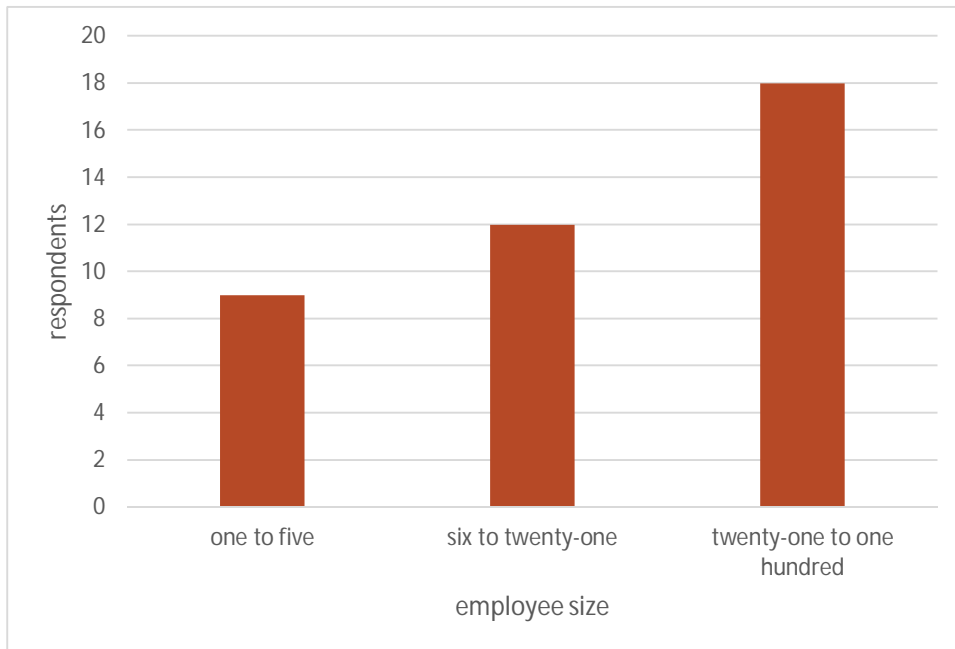
From the chart, the survey registered a great success by covering all types of enterprises; VSEs, SEs, SMEs governed by the SMEs promotion law which means that a common variable seen as a core problem runs through all enterprises irrespective of size in which value judgment can be reach.

ii) Respondents by positions in enterprises

It was necessary to know the position of the respondents (Fig. 8) in these enterprises so as to ascertain the extent of their familiarity with the needs and constraints of SMEs. This is because owners and managers of enterprises may be more familiar with their constraints and needs because, in most cases, they represent their enterprises in public matters.

Figure 6: Responses by position in enterprise
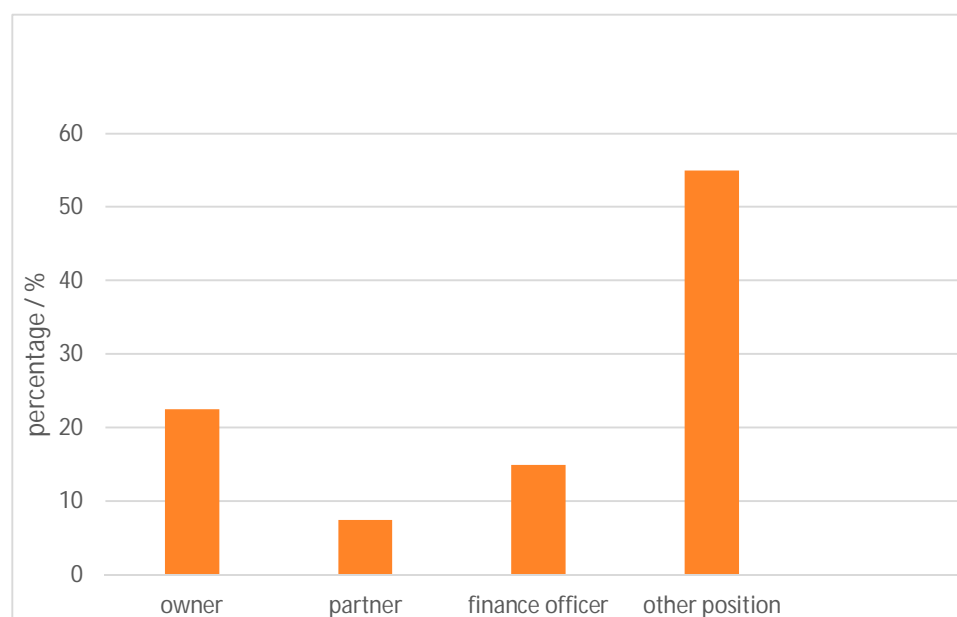
From the chart, over 55% of the respondents holds position other than owner which follows by 22% then finance by 13% and partner by 5%.

The percentage of owners who responded reflects a considerable margin of the survey. It is also important to note that it is the decision of the respondents not to disclose their position.

4.1.1 Constraints faced by SMEs:

The questions were posed to meet the objectives of the study and most importantly to answer the research question and sub questions. Table 11, below shows the sub questions and indicators checks reference to questions posed to SMEs and policy guidelines

Table 12: Cameroon's CPI between 2009 - 2013

Sub questions	Question(s) asked (SMEs survey)	Indicators	Policy checks	Agency performance benchmark
1) How are the internal structures and programmes of PAs structured to reflect what SMEs say they need?	1) Barriers to SMEs development 2) Services and programmes most important for SMEs	What SMEs need	1) Information, training, management skills, capacity building	1) Voice and Participation

2) What have been the outcome of the policy intervention through PAs to meet the needs seen by SMEs?	1) Which organisations support SMEs in Douala, Cameroon 2) Services and programmes most important for SMEs	SMEs awareness	1) Channels of information to SMEs 2) PAs – SME relationship	1) Transparency, 2) 2) Accountability
3) Does the performance and activities of the PAs corresponds to what SMEs say they need?	Comparative analysis of SMEs' promotional approaches in Singapore, and Rwanda	Performance measurement,	SMEs policy and programmes outcomes	1) Transparency 2) Accountability 3) Voice of Participation 4)Integrity of PAs
4) What possible intervention and social policy measures lies ahead to contain the prevailing views of what SMEs say they need against what PAs provide?	Analysis of what SMEs they need, what PAs provide	Performance measurement,	SMEs needs and performance of PAs	Policy implication

Besides the employee size and position of respondents (the respondents here refers to SMEs) in enterprises, the survey also covers;

i. If SMEs are aware of the existence of promotional agencies
ii. If SMEs are registered with the chamber of commerce
iii. If respondents want their enterprises to grow
iv. External growth related obstacles
v. Internal growth related obstacles
vi. Organizations that support SMEs
vii. Barriers to SMEs growth
viii. Services most important to SMEs

From the responses, 76.9% of the respondents are aware of the existence of promotional agency. Literally, most enterprises see the CCIMA as the main SME promotional agency rather than MEPA. The survey went further to find out if the respondents were registered with CCIMA. Those who were registered claimed that it was necessary, according to the Organization for the

Harmonization of Business law in Africa (OHADA). Others see registration as a means through which they can benefit from government subsidies. For some, it is an arena for networking, publicity, and product awareness. Others also viewed it was a way to win contracts, as most contract award programs require one to be registered with the CCIMA as part of the criteria.

On the other hand, those that were not registered cited that they saw no benefits of membership because even with a membership, one has to be well connected in order to achieve full benefits that registration comes with. Similarly, others pointed out the high cost of registration, while for some, according to the nature of their services, they saw no importance in being a member. Based on the survey, for those registered or not, the respondents were not well informed of the privileges enjoyed by being a member and most of the respondents had concerns of transparency in benefiting from membership package. For those that complained of the high membership cost, the CCIMA should be able to leverage its membership fee in favor of enterprises as a promoter of the general business environment both in Douala and abroad.

Figure 7: Respondents level of awareness of SMEs PAs
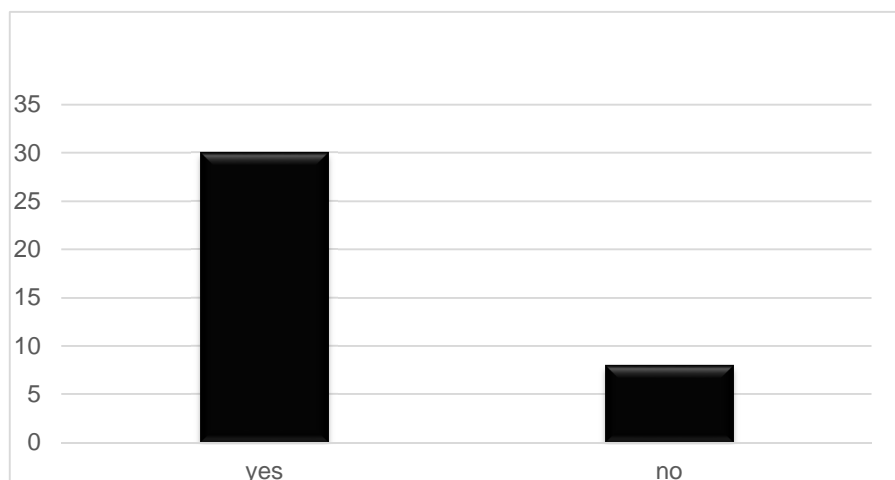
With regards to respondents' main internal obstacles (see Fig. 9 below), 43.6% cited maintaining cash flow as their main constraint, followed by devoting too much time to daily operations, which was cited by 41% of the respondents. Similarly, inadequate skills in managing debt level and inability to monitor daily business operations were cited by 35.9% and 33.3% respectively. In addition, lack of knowledge of market trends or competitiveness and difficulties in recruiting and retaining staff make up the bottom portion of respondents' internal obstacles with 30.8% on both cases.

In terms of external obstacles (see figure 10 below), the respondents were quick to cite increasing competition, government regulations, and fluctuations in demand of products and services which were all represented by 59%, 56.4% and 43.6% respectively. Further to this, access to finance was rated by 33.3% of the respondents as a main obstacle followed by rising costs of inputs which represent 30.8%. At the lower end, 7.7% of the respondents indicated shortage of labour as main external constraints.

Figure 8: SMEs internal obstacles

Figure 9: SMEs external obstacles intro figure
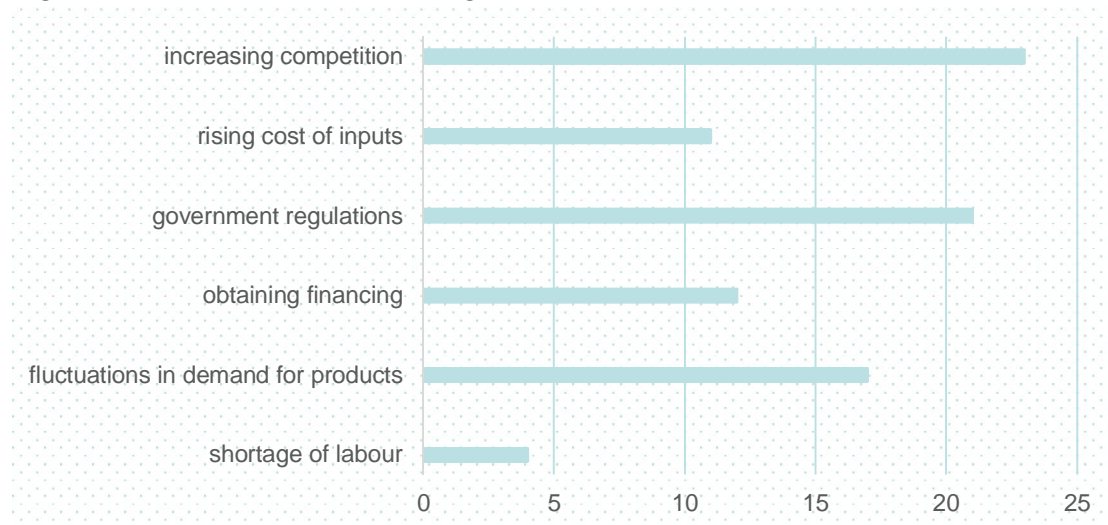
When considering which organizations support SMEs in general, 84.6% (33) of the respondents were quick to recognize the tremendous role played by the banks, while large foreign companies, chamber of commerce, consulting

firms and SME promotion agency, insurance companies and international donors all stood at 35.9% as respondents' support structures. The views shared by the respondents here indicate the low awareness or small roles played by SMEs promotion agencies, who are supposed to be the main support structures for SMEs.

Figure 10: Structures that support SMEs
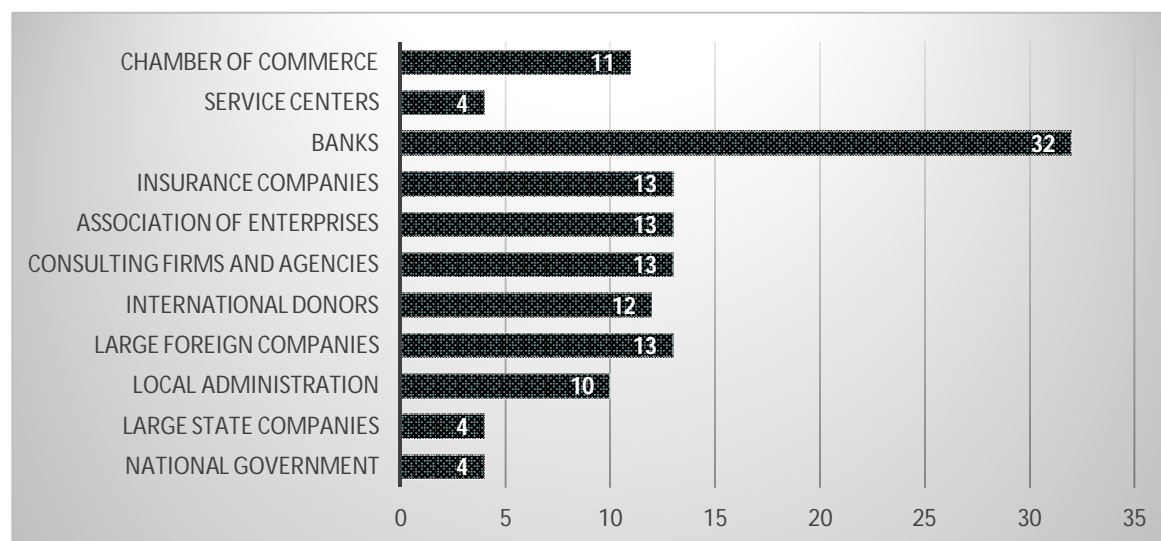
The survey also ask respondents what they consider to be main barriers to SMEs development. 92.3% of the respondents cited high tax rate as a main barrier, followed by difficulty in accessing finance with 66.7% and unstable legal environment including corruption with 51.3%. At the mid-level, the respondents indicated low purchasing power, lack of market information, insufficient support from local authorities, procedural difficulties in staring an enterprise, lack of proper marketing skills as main barriers to SMEs development as illustrated in figure 1.14 below. The respondents recognized lack of clear government SMEs program, low coordination between organizations supporting SMEs, lack of qualified human resources, low purchasing power, high cost of money, and uncompetitive products

Figure 11: Barriers to SMEs development

Figure 11: Barriers to SMEs development

To check which services were most important for SMEs to increase their growth potentials, 56.4% of the respondents cited marketing strategy, 43.6% cited staff motivation and information on fiscal incentives and policies, 41% cited marketing skills and credit financing were mostly important for them, while 30.8% cited searching for potential investors, market research, product design, and information for startup entrepreneurs as shown in the figures below.

Figure 12: Services most important to SMEs

Figure 12 bar chart values: knowledge of business plan... 7, search for potential investor 12, market research 12, banking and credit financing 16, organising seminars for SMEs 10, knowledge on SME law 7, accounting and book-keepig 14, credit assessment 9, management skills 16, motivation staff 17, performance appraisal 4, technology 11, product design 12, production management system 11, software development 14

Figure 13: Services most important to SMEs

Figure 13 horizontal bar chart:
- advertising ~10
- marketing startegy ~22
- product promotion ~11
- marketing research ~12
- marketing plan ~14
- information for company registation ~8
- information for startup entrepreneurs ~12
- information about fiscal incentives and policies ~16
- information on SME law ~14
- matching with foreign investors ~14

SERVICES (y-axis), NO. OF RESPONSES (x-axis)

4.3 Performance of Promotion Agencies:

This subsection seeks to benchmark agency performance against what SMEs say they need. In doing so, the section will analyze feedback from MEPA which is the main custodian to SMEs in Cameroon and Douala in particular, and two other PAs (CCIMA and IPA) as explained earlier.

The agency survey questionnaire covers the following questions:

i. What programmes are there to improve SMEs' ability to strive and grow in domestic and international markets?

ii. What has the agency identitied as SMEs main growth constraints and how does the agency assist SMEs to overcome these growth constraints?

iii. Does your Agency have a research unit? And what does your agency need to meet its objectives in promoting SMEs?

iv. What are the means of communication with SMEs?

v. How does Agency recruit its staff? How many staff members does it employ? What are the incentives for staff?

vi. Whether Agency include informal enterprises in agency support programmes and whether private bodies participate in agency program design mechanisms and implementation

In order to ascertain, the nature PAs' programmes in relationship to what SMEs say they need, for MEPA, they organized exhibition show every two years, a day for SMEs as a channel for awareness and also the presence of support structures like Exchange Subcontracting and Partnership (BSTP), which offers paid services. The CIPA on the other hand links SMEs to potential FDI (Foreign Direct Investors) seeking reliable partners, while for CCIMA there are approved management centers. Based on the feedback, it can be said that these agencies focus on external capacities to enhance SMEs'

potentials but even with that, how these links are done is not clear and is not mentioned on their websites. Secondly, MEPA cited exhibitions as a channel of awareness to SMEs, which is not in line with what SMEs need. For these agencies, the main problems faced by SMEs ranges from access to finance, to skills gap, and lack of information. It is worth noting that appraisals of any kind rest on outcomes which are reflected on the value added to their target audience. If the outcomes and outputs don't reflect policy objectives, there are likely to be performance setbacks. For instance, the Thai Board of Investment (BOI) Unit for Industrial Linkages and Development (BUILD) that won the World Association for Investment Promotion Agency (WAIPA) Business Linking award in 2004 was able to match Thai SMEs with FDIs in which currently 100 Thai SMEs benefit from the programme annually.

Similarly, the linking programme between Ghana Investment Promotion Agency (GIPA) and Unilever Ghana Ltd was able to link 3,000 SMEs which resulted in the creation of 12,000 jobs (UNCTAD 2006:7). The evidence presented here serve as performance checks as to the performance outcome of BUILD and GIPA which is not the same with MEPA, CIPA and CCIMA and this goes far beyond to question the degree of transparency and accountability of MEPA, IPA and CCIMA on their performances both home and in the foreign scene .

Specifically for MEPA, when ask if they have a research unit, it is worth noting that they do and also work in collaboration with Ministry of Scientific Research and Innovation (MINRESI) but again information on their publications and research on SMEs and past their performance is not made public or rather inaccessible which undermines the fundamental value of public agencies to provide and be held accountable in relation to information (Herrero and López 2010). On the means through which MEPA communicate with SMEs, MEPA admitted they communicate through head of association of SMEs, as well as during training workshops, seminars, and conferences. In

contrast, CIPA communicates through emails and regular postal services, while CCIMA cited their websites and local newsletters as methods of communication.

These issues may be concerning to entrepreneurs for a variety of reasons. First, the digital infrastructure of these agencies which is the mostly convenient, cost and time effective, and easy to access platform do not have the activities of these agencies and capacity building programs, but most links of outdated events. Secondly, not all enterprises have post boxes in Douala as it is not a prerequisite for enterprise registration, let alone clandestine SMEs. Thirdly, communication through head of SME association doesn't guarantee mass coverage because not everyone is a member (Clark 1995:594). The evidence here questions the activities of these agencies on two aspects. First, information on their achievements is not available to the public and information on their monthly activities like capacity building is also not available. This factors alone are sufficient to encourage clandestine activities of firms, demotivate informal enterprises from going formal by questioning the benefits of being formal and vice versa.

For, CCIMA, almost 80% of the enterprises found on their website do not have emails and for those that do, are not functioning – an experience the researcher encountered during respondents' selection phase, but yet it was noted that they communicate with their clients via email.

Reference to the Dutch Chamber of Commerce "Kamer van Koophandel," information on capacity building workshops runs yearly on their website, on different enterprise related constraints ranging from startups, business development, finance management and planning, tax scheme, and where current and prospective entrepreneurs can easily access and register for capacity workshops. This phenomenon is absent in MEPA, CCIMA and CIPA's activities. It is important to note that one of the easiest means to fuel corrupt

practices is the continuous contact between the public staff and their clients which could be easily minimize through e-governance (Bhuiyan 2010:54), which involves the dissemination of information easily and user-friendly to the public through the use of ICT and at the same time promoting transparency in public service delivery (Kitcat 2005). In the absence of digital information, it therefore implies that public sector clients are bound to hit the door each time they need information.

Entrepreneurs and investors alike before investing are keen to be sure that their investment worth rewarding and assistance from public agencies. Success stories by both past and present entrepreneurs shared on the websites of PAs could be a motivation to prospective investors and entrepreneurs like the case is with the Hungarian CIPA, which is yet to be welcome by MEPA, IPA, CCIMA. This leaves a question of the degree and quality of the services provided by MEPA in relation to transparency, accountability, integrity, and participation, and the needs seen by SMEs.

Recruitment of staff at the management board level for MEPA is through direct presidential degree whose appointment criteria is unknown to the public. Whether or not its cronyism or elite capture, it is as well reflected in the parliament in which 80% of the house is made up of members of the ruling party. (AfDB 2009:2). The backdrop about such practices rest on the fact that, in most cases, cronyism can led to public managers being accountable to hierarchy than to the public which undermines accountability, transparency, and participation of the voice of the stakeholders in decision making process (IMF 2014:40).

While the PAs cited allowances and wage increase as main incentive to enhance staff performance, an important aspect is the fact that merit base pay doesn't seems to match with the nature of services provided by the PAs, rather with mainly a more professional sector like medical practitioners who can be

rewarded on merit based pay after a sophisticated surgery. Far from this, different staff have different desires on what pleases them and so one cannot independently confirm that salary increase or allowance based incentive alone is enough to boost staff performance among others like staff recognition, staff training abroad, and leave period of holidays.

Informal SMEs for MEPA are catered to a special unit incharge of informal enterprises. For CCIMA, only formal enterprises with their membership benefits and partake in their support programmes. Similar to CIPA, they don't work with informal enterprises. This raises question to the research unit as if they are truly aware of the share of informal activities contribute to the economy as a whole. Rather, strategies to get the informal SMEs to the formal market could be rewarding. According to a World Bank Report 2012, 90% of Cameroon workforce earns their living in the informal sector in which the agro sector employ 57% and the service sector employ 37%. This suggests that activities of PAs and policies to promote SMEs should be structured to target more of the informal economy through incentivized programmes as they constitute a greater share in the economy.

Exclusively to MEPA, whether they invite private views and opinion in their programme design phase, MEPA noted that they only include private parties and consultants when necessary and in an undefined frequency. While it is not a guarantee that routine inclusion of non-state actors will yield fruitful results, other setbacks might possible arise caused by participation which include fear of public staff losing voice and position to private actors, fear of accountability and transparency, undermining capacity, loss of autonomy of PAs, and complex decision making processes that could possibly arise from participation.

4.4 SMEs and MEPA Paradox:

This section entails the triple helix paradox. First, it will discuss the place of the PAs in the broad literature of what SMEs' constraints in relation to what SMEs in Douala say they need and tale with the application of GG as a tool to enhance and strengthen SMEs – PA's relationship for efficient and effective service delivery.

4.4.1 Triple Helix Paradox:

Juxtaposing what SMEs say they need next to the activities/programmes that MEPA provide, reference to sections 4.2 and 4.3 respectively, and section 3.1 on the policy guidelines and sections 2.3 , 2.4 and 2.4 on the literature that has to do with SMEs constraints, the different views on SMEs constraint centers around: first, it was argued that SMEs informality impede accessibility to finance. On this point, MEPA reference to section 4.3, they provide credit accessibility advice to SMEs and have a cell for informal economy. Important to noe is that fact that SME informality have several implications. Among are, low pay to since they attract mainly unskilled labour. The low pay could translate to low quality products and services which then faces stiff competition with foreign products.

In order to supplement skills gap in the SMEs sector, the PAs, organized exhibitions and training programmes . Contrary to this view, SMEs top constraint was the lack of management skills which to the PAs was access to finance. Literature from de la Toore et al. (2010:2283) , argue that banks are more than willing to loan to SMEs since they serve as outsourcing agents for large firms and by implication they have the potentials to stimulate growth and are valuable clients to the banks.

While PAs claim they provide SMEs with necessary information they need like incentives for startups and PAs' programmes, SMEs seems to contradict this view as among their responses lack of information about government's objectives

towards fostering their activities isn't clear. On this background, PAs channels to information among which easiest if the use of ICT is inefficient and insuffient to furnish SMEs with the information they need.

As cited earlier, one of the easiest channels of corrupt practices is agency contact with clients. The evidence that the digital infrastructure of PAs donot provide useful information needed by PAs is an open corridor for rent seeking. The low popularity of PAs by SMEs as support structures in favour of banks, goes to confirm two ideologies from (de la Torre et al.), as mentioned above about banks willingness to work with SMEs and secondly from SMEs themselves who fail to recognize the activities of PAs.

The very claim that PA's activities donot incorporate informal firms implies PAs' mastery of the economy which is made up of 80% informal sector is not fully utilized. Lack of access to data on PAs' activities question the degree of accountability and participation among PAs and their clients. Even within the PAs' departments it is difficult to have access to data which otherwise ought to be make public, a scenario noticed by the researcher during survey.

The linking program which has been seen like in the case of GIPA as very vital to transfer technology and skills from foreign to local enterprises, create jobs , is still at the embryo stage with MEPA since outcome of such linkages like in GIPA are not made public which question the degree under which PAs are accountable and transparent to their clients.

The views presented here and also on Fig. 16 and table 9 below shows that , if PAs are to achieve their goals and objectives, then an enforceable GG framework is inevitable.

Figure 14: Proposed balance scorecard for MEPA
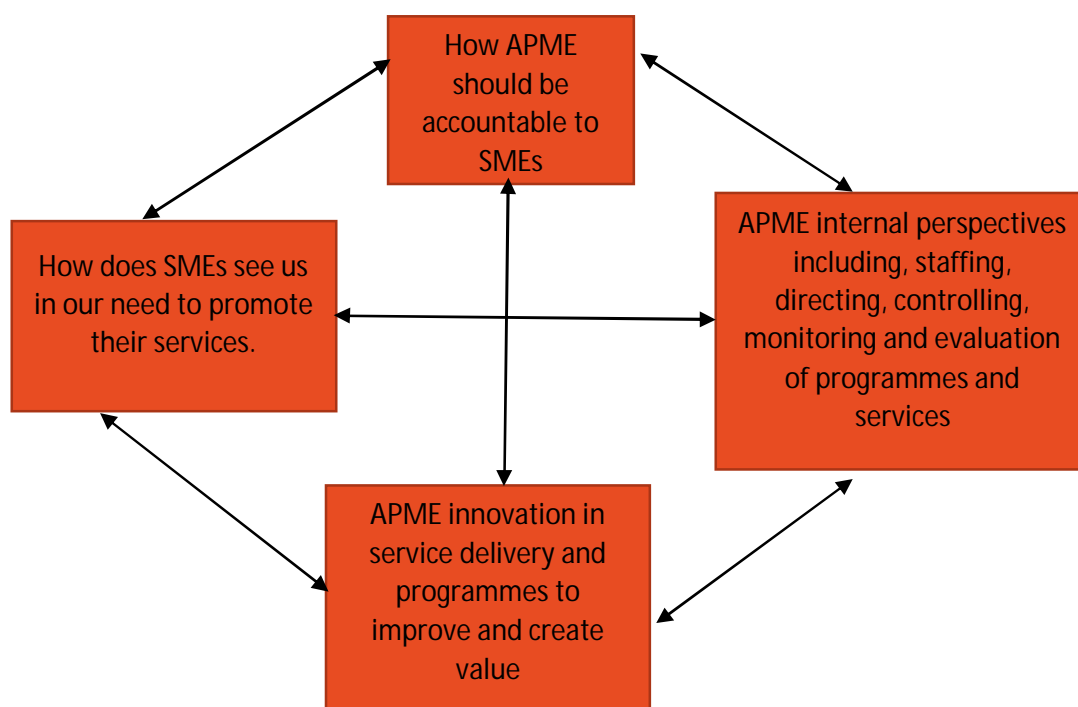
Source: Adapted from Gregory and Platts 1995

Table 13: Benchmarking SMEs needs against PAs' performance with policy implication

SMEs needs and constraints	PAs' Performance	Policy Implication
Government regulations (tax burden, corruption)	Provides advice on tax scheme, but channel of information , but not clear on channels to get advice	Provide accounting and tax management assistance to SMEs in accordance with the regulations in force (Chapter V/Section 34)
-Lack of business management skills, inability to managing cash flow, inability to manage daily work balance -unable to access external finance, lack of technical expertise	-Organized exhibition show every after 2years, SMEs day to create awareness -subcontracting, provides training, channels of information for training which are inaccessible not precise and adequately stated	Ease SMEs access to finance, technological transfer, modern management methods (Chapter IV/Section 18) Identify the potentials of SMEs and develop the skills of their promoters , acquaint SMEs with networks of effective relations and business opportunities (Chapter III/Section 12)

Increasing competition, lack of marketing strategy	Training objectives and outcome not adequate and not clearly defined	Training programmes and dates are available on online databases
High level informality and increasing competition	Informal cell for MEPA, CCIMA and CIPA donot accommodate informal SMEs	Upgradining SMEs with growth potentials and growth sectors and empower SMEs to enhance their competitiveness and performance ((Chapter IV/Section 19))
Lack of market information, no information on incentives -little of no information about foreign investors	Channels of information not readily available and reliable	Provision of information on investment opportunities to SMEs (Chapter II/Section 9)

4.4.1 Relevance of GG :

Reference to the analytical framework on section 2.5, it advocates for,

   i.   access to information on investment opportunities

  ii.   capacity building and training

 iii.   linkages with foreign investors

 iv.   data available to public

  v.   accountability to public

 vi.   transparency

 vii.   voice of the public

   which coincides with three key principles of public sector tools to achieve and render a more efficient and effective services to their clients viz;

a. Transparency:

The principle of transparency in effective and efficient delivery of public services is based on the belief that agencies like MEPA are created to serve the people, in other words SMEs. Hence, MEPA is responsible to furnish SMEs and

the public in general with free information they need to enhance their activities, that is to say, free access and right to information. Secondly, a clear definition of where and how to access the right information is not enough but rather how easily can SMEs and the public in general have access to information that concerns their needs and interests. One of the problems faced by SMEs in the survey was the lack of information and clear vision of the government's objectives towards promoting SMEs. On this note, access to and openness of information to SMEs and the general public can boost investment opportunities and safe transaction cost as well reduce the risks associated with information asymmetry

b. **Accountability**:

Deficient measures in APME accountability, though may either be corrected by outcomes, the economic loss of the outcome serves as the basis through which public accountability is built on. The principle of accountability called on public agencies and MEPA in particular to give an account of their rationale to the public. Contrary to this glaring assumption, in a hierarchical setting like MEPA, staff are accountable to hierarchy whom they owe allegiance than to the public. This notion explores the claim by Haque (2000:606) that political neutrality is one of the basic principles of public agencies. Given that appointments of top position in public agencies as the case is with APME is made by ruling political elites, it is obvious that accountability will be made to elites rather than the public. This suggests that the legitimacy to hold agencies accountable and to be able to measure their performance is limited by hierarchy. Furthermore, Haque (ibid.608) concluded that the absence or control of public agencies by elites undermines public accountability and hence creates an avenue for rent seeking, abuse of public resources and mismanagement.

Participation aims at including the voice of the private sectors and stakeholders whose activities are affected by the decision and programmes of public agencies. By implication, public agencies in their broad programmes and

policy formulation should ensure that the voices of the all stakeholders affected by the outcome of their programmes should partake in the design and decision making process (Blaire 2000). With the case of MEPA and Cameroon in general, the central government is solely responsible for designing SMEs' promotion policies while the programmes to implement these policies rest in the hands of APME. How these programmes translate to meet policy objectives and guidelines will undoubtedly be decided by programme designers. Hence, in designing programmes, APME should include representatives from SMEs, financial institutions, NGOs, enterprise promotion donor and other interest groups. For Ubels et al. (2010:146), most often than not, this aspect of Good Governance is undermined by different factors among which are conflict of interest among stakeholders, power exercise and bureaucracy which in the end led most agencies to undermines the voice of the stakeholders .

On a general note, some of the more thoroughly perceptions explored by the World Bank 2014 GG indicators , among which regulatory quality , government's effectiveness ,voice and accountability, are generally low as shown in the figures below.

Chapter 5: Conclusion:

This section summarizes the paper based on its theme and identity the loop holes from the analysis. This goes further to possible policy recommendation and a call for reform strategies.

5.1 Recommendation:

The evidence this study presents aimed at advancing our understanding in relation to conventional literature on SMEs' constraints which in some instances is not applicable to different regions like SMEs in Douala. We have also seen that high level of informal economy is partly due to bad governance which demotivate informal SMEs from going formal and poses a great problem to the government and economy in two ways. First, government policies are not properly design due to lack of data of the informal sector which constitute a significant proportion of the economy. Secondly, clandestine activities implies loss of government revenue. On this note, there is a policy implication.

We have also seen that bad governance undermines not only SMEs growth but economy as a whole.

As a recommendation, the GoC through PAs could establish SMEs' sectoral policies and incentives that targets the informal economy and PAs should make their objectives known to the public and plans on how to execute these objectives as well as periodical updates. Secondly, government should lay emphasis on its GG policy framework and consequences to public managers. In addition, access to information should be made readily available to the public through the use of e-governance. Morestill, the government should simplify it tax system and

empower incubation centers to be result oriented rather than being based in processes.

The social policy implication rest on the fact that pro-household poor do not only take employment in the informal sector, but are in turn exploited. By bringing the informal economy to formal, three things will be achieve. First, lifting pro-poor income levels, protecting worker's rights and overall a healthy and self-sustaining economy not reliance on one sector as the case was which led to the shift of the GoC strategic plan.

Annex I. Questionnaire for SMEs

1) Which of the following best describes your position in this enterprise/business?

i. the sole owner of this business

ii. a partner in this business

iii. the person in charge of finance in this business

iv. occupying another position in this business

2) In what year was this enterprise/business established?

3) What is your employee number/size?

i. 1 (one) to 5 (five) employees

ii. 6 (six) to 21 (twenty-one) employees

iii. 21 (twenty-one) to 100 (one hundred) employees

4) Is your enterprise/business aware of the existence of promotional agencies or support bodies that provides information or assistance on how your enterprise/business can succeed?

i. Yes

ii. No

5) Is your enterprise/business registered with the chamber of commerce or any promotional agency or support centres? If not why, and if yes what does your enterprise benefit from being a member in relation to your enterprise's need to grow and succeed?

i. Yes

ii. No

6) Do you want your enterprise/business to grow?

i. Yes

ii. No

7) Which of the following obstacles external to your business are serious problems for the growth of your company? (Please mark all that apply)

i. Shortage of labour

ii. Fluctuations in demand for your products or services

iii. Obtaining financing

iv. Government regulations

(please specify:_____)

v. rising cost of inputs

vi. increasing competition

vii.   others:

8) Which of the following obstacles internal to your business are serious problems for the growth of your company? (Please mark all that apply)

i. Managing debt level

ii. Maintaining sufficient cash flow

iii.   Lack of monitoring of your business operations to make improvements
(PROMPT: information on business operation could be about your
production of goods and services, client satisfaction, employee performance,
financial performance, etc)

iv.   Lack of knowledge about competitors or market trends

v. Devoting too much time to day-to-day operations

vi. Recruiting and retaining employees

viii.   Other:

9)   In the last three years has your business developed or introduced:
(Please mark all that apply)

i.   A new or significantly improved good or service
(PROMPT: This may be a new or significantly improved good or service
with respect to its capabilities, user friendliness, components or sub-systems.
It must be new to your business but it does not need to be new to your
market.)

ii.   A new or significantly improved production process or method
(PROMPT: This may be a new or significantly improved production
process, distribution method or support activity for your goods and services.
It must be new to your business but it does not need to be new to your
market.)

iii.   A new organizational method in your business practices, workplace
organization or external relations   (PROMPT: It must be a result of
strategic decision taken by management.
Exclude mergers or acquisitions, even if for the first time.)

iv.   A new way of selling your goods or services
(PROMPT: This requires significant changes in product design or

packaging, product placement, product promoting or pricing. Exclude seasonal, regular and other routine changes in marketing methods).

10) What was the main reason your business did not develop or introduce any new or significantly improved product, process, organizational or marketing innovations in the last three years? (Please mark all that apply)

i. Innovations were carried out prior to 2011

ii. Market doesn't require new products/processes

iii. Lack of funds to carry out innovation projects

iv. Lack of trained staff to carry out innovation projects

v. Business doesn't need to innovate/innovation is not part of business plan

vi. Other:

11) In your opinion, which of the following organization support enterprises/businesses in Douala, Cameroon?

i. national government   ii. large state companies

iii. local administration   iv. large foreign companies

v. international donors   vi. consulting companies and Agencies

vii. associations of entrepreneurs   viii. insurance companies

ix. banks x. service centers xi. chambers of commerce

xii. others:

12) In your opinion, what are the barriers to the development of Small and Medium Size Enterprises in Douala, Cameroon? (please tick several answers possible)

i. unstable legal environment   ii. uncompetitive products

iii. high level of taxation   iv. lack of qualified human resources

v. low purchasing power of the population   vi. lack of market information

vii. insufficient support from local authorities   viii. too high cost of money

ix. procedural difficulties in starting a company   x. lack of management skills

xi. difficulty in accessing to credit   xii. lack of clear government SME program

xiii. low coordination between organizations supporting SMEs

xiv. lack of proper marketing skills   xv. other (what exactly?)

13) Typical SMEs services are listed below. Please in your opinion what services are the most important for your Enterprise/Business ?

a) **Information Services**

i. providing basic information on foreign companies searching for partners in Douala, Cameroon (example : their addresses and their offers)

ii. information on Cameroon SME law

iii. information about fiscal incentives and policies

iv. information for start-up entrepreneurs

v. providing package of information for company registration

vi. Others (please specify)_

b) **Consulting Services**

i. business planning for SMEs (to be presented to the bank or investors)

ii. help with the presentation of business plan to the banks

iii. search for a potential investor using the business plan

iv. market research/marketing

v. Banking and credit financing

vi. Seminars and exhibitions for SMEs on specific subjects (international services)

vii. SME law (lawsuit, enterprise law)

viii. Accounting and book-keeping

ix. Credit assessment (Loan application)

x. Employment (Recruitment)

xi. Others (Please specify)

c) Training Services

Marketing   **Accounting**

i. Marketing plan   i. Cash flow

ii. Marketing research   ii. Book keeping

iii. Product promotion   iii. Audit

iv. Marketing strategy   iv. Taxation

v. Advertising   v. Business planning

Human resources Management   **Production/technology**

i. Management skills   i. Product design

ii. Motivation of staff   ii. Production management system

iii. Performance appraisal   iii. Software development (IT)

iv. Technology   iv. Others (specify):

v. Advertising

Annex II. Questionnaire for PAs

1) What does your agency do to improve SME's competitive performance in domestic and international markets?

2) How does your Agency improve SME's competitive performance in domestic and international markets?

3) What is the budget allocation for your activities, how many staff and offices does your Agency have?

4) How are your low-level staff employed?

5) Does your Agency seek advice from private parties in decision making and program appraisals? If no, Why and If yes, how often?

6) How effectively are your staff motivated?

7) Does your Agency's programmes include informal SMEs? If no why?

8) How does your Agency promote SME's activities in Domestic and International markets?

   i.   Domestic:
  ii.   International:

9) What does your Agency need to meet its goals and objectives in promoting SMEs?

10) How does your Agency ensures that SMEs are well informed and understand information that best serve their needs and wants?

11) Does your Agency have a research unit/team/department?

12) How do you evaluate your programmes to ensure they meet objectives?

13) What does your Agency consider as SMEs main growth constraints and what must they do to overcome this constraints?

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